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# ***Daily Report***

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## **China**

FBIS-CHI-93-182  
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# Daily Report

## China

FBIS-CHI-93-182

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22 September 1993

**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

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## General

### U.S. 'Evaluating' Yeltsin's Actions in Russia

OW2109210693 Beijing XINHUA in English 2025  
GMT 21 Sep 93

[Text] Washington, September 21 (XINHUA)—The United States is evaluating Russian President Boris Yeltsin's dissolution of the parliament and the ensuing developments and a formal reaction may emerge later in the day.

Observers here say that Washington is very likely to stand behind Yeltsin, who dissolved the parliament today and called for a parliamentary election on December 11-12.

President Bill Clinton talked about the latest developments in Moscow with some radio talk show hosts, but didn't say whether he supports Yeltsin's move or not.

"Boris Yeltsin has dissolved the Russian parliament and called elections for that parliament in December. His major opponent (Vice President Aleksandr Rutskoy) apparently declared himself president. They're going through these things, trying to come to grips with what it means to be a democracy and what it means to try to change the economy," Clinton said.

At the State Department, spokesman Mike McCurry said U.S. Ambassador Thomas Pickering had been notified of the move about one hour before Yeltsin's appearance on national television.

"It's obviously a critical moment in Russia, and because of that and because we are continuing our assessment of what these developments mean, I don't have any further reaction for you at this time," McCurry said.

Yeltsin's chief opponent, parliament Speaker Ruslan Khasbulatov, has labeled Yeltsin's move as "a state coup" and appealed to the police and military to ignore any orders from Yeltsin.

"Do not fulfill any illegal decrees coming from the president," Khasbulatov made the remarks at the parliament headquarters.

"These decrees are considered invalid," he added.

Yeltsin has warned that any attempts to block his assumption of power or the elections would be "punished by law."

A Defense Ministry official said that the Russia's armed forces would only abide by the Constitution and laws and would remain politically neutral.

Thirty-five military trucks loaded with soldiers and policemen were reportedly seen near Russia's Central Bank late Tuesday [21 September], but the deployment's mission wasn't immediately clear.

### U.S., UK Support Yeltsin

OW2209014593 Beijing XINHUA in English 2353  
GMT 21 Sep 93

[Text] Washington, September 21 (XINHUA)—U.S. President Bill Clinton said today [21 September] he fully

supports Russian President Boris Yeltsin's move to disband the parliament and call for new elections.

In a statement released after Clinton's 17-minute telephone conversation with Yeltsin, Clinton said Yeltsin assured Washington that he would proceed in a fashion that "ensures peace, stability and an open political process this autumn."

"He told me that it is of the utmost importance that the elections he has called be organized and held on a democratic and free basis," Clinton said.

"The people should finally decide the issues that are at the heart of political and social debate. President Yeltsin has made this choice and I support him fully."

"I have confidence in the abiding wisdom of the Russian people to make the right decision regarding their own future," the President said.

Clinton described Yeltsin's move as "a response to a constitutional crisis that had reached a critical impasse and had paralyzed the political process."

At the State Department, Secretary of State Warren Christopher said he had met today with the house speaker and other congressional members and urged for "rapid congressional action to complete the enactment of the pending program of support for Russian reform."

"By acting decisively at this critical juncture, we can help democracy and market reform take root in Russia."

"Support for Russian reform at this time is an investment in the national security of the United States and the prosperity of the American people," the secretary said.

"We will be guided by that principle as we assess the events of coming days," Christopher said.

In London, the British Foreign Office has also issued a statement pledging support for Yeltsin, who was stripped of all power by the parliament.

Russian Vice President Aleksandr Rutskoy has declared himself now as the president.

"As the democratically elected leader of Russia, president Yeltsin has chosen to allow the people of Russia themselves to resolve this impasse," Clinton said.

"I believe that the path to elections for a new legislature is ultimately consistent with the democratic and reform course that he has charted," the President said.

Yeltsin's chief opponent, parliament speaker Ruslan Khasbulatov, has labeled Yeltsin's move as "a state coup" and appealed to the police and military to ignore any orders from Yeltsin.

"Do not fulfill any illegal decrees coming from the president," Khasbulatov made the remarks at the parliament headquarters.

"These decrees are considered invalid," he added.

Yeltsin has warned that any attempts to block his assumption of power or the elections would be "punished by law."

The Russian military and police have both pledged neutrality in the power struggle, reports said.

A Defense Ministry official said that Russia's armed forces would only abide by the constitution and laws and would remain politically neutral.

Prime Minister Viktor Chernomyrdin said all cabinet members were supporting Yeltsin.

Thousands of protesters gathered outside the Russian parliament building following Yeltsin's television announcement.

### Officials Visit Monaco To Await Olympic Vote

#### Beijing, Atlanta Mayors Meet

OW2109114093 Beijing XINHUA in English 1119  
GMT 21 Sep 93

[Text] Monte Carlo, Monaco, September 21 (XINHUA)—The Beijing mayor met his Atlanta counterpart on Tuesday [21 September] to offer help and to invite advice for the 1996 and 2000 Olympic Games.

Li Qiyang said: "Our meetings in August in Beijing and now in Monte Carlo are important events prior to an important happening and these meetings will bring us good luck."

The Beijing mayor said that his municipality will offer help to Atlanta in its hosting of the next Olympic summer games and he also wanted to share Atlanta's experience in both its successful bid for the 1996 games and its how-to's in staging these games.

"We will also learn from other previous Olympic hosts," he added.

Wei Jizhong, secretary general of the Chinese Olympic Committee, said that China will not only participate in the Atlanta games but will also send a bigger contingent to these games in the hope of winning more gold medals.

Atlanta Mayor Maynard Jackson said: "I am at your service if you win the bid and we will cooperate with you 100 percent but it seems you don't need any help."

"There is Olympism everywhere in Beijing and I find the people in Beijing are very friendly."

The Atlanta mayor said: "Friendship, communication and understanding are not contingent upon whether you win the Olympic bid or not."

Li Qiyang said: "Though we are against the resolution by the U.S. Congress, we will nevertheless share with Atlanta the Olympic ideals of friendship, unity and progress."

He said: "We cherish the same ideal in cooperating to make a better future for our human race."

### Chen Xitong on Human Rights

OW2209050693 Beijing XINHUA Domestic Service in Chinese 1617 GMT 21 Sep 93

[By reporter Zhang Tingquan (4545 2185 2938): "Beijing 2000—A New Horizon for the Olympic Movement—Chen Xitong Discusses the Far-Reaching Significance of Beijing Hosting the Olympic Games"]

[Text] Monte Carlo, 21 Sep (XINHUA)—In an interview with a reporter from Japan's NHK Television on the evening of 20 September, Chen Xitong, head of the Beijing bid delegation, said an International Olympic Committee [IOC] decision to hold the 2000 Olympic Games in Beijing would push the Olympic movement to a new stage of historical development.

When asked by the reporter about his thoughts on Beijing's chances of winning the bid, Chen Xitong said: Of course, I hope Beijing will win the bid to host the 2000 Olympic Games.

According to Chen Xitong, each of the five bidding cities has its own strong points and is qualified to host and will succeed in hosting the 2000 games.

Chen Xitong said: IOC Chairman Samaranch has suggested time and again that there must be a new horizon for the Olympic movement in the 21st century. Beijing hosting the 2000 games can add new aspects to the Olympic movement.

He discussed the following five aspects:

First, China's population will exceed 1.25 billion by 2000, which constitutes one-fifth of the world's population. Holding the games on China's 9.6 million square km will mark a breakthrough in the realm of popularizing the Olympic movement.

Second, the Olympic Games are not only a grand international sports gathering, but also a global festival combining culture and sports. Four nations, China, India, Egypt, and Babylon [as received], boast great ancient civilizations, but not one of them has had the honor to host the modern Olympic Games. Holding the 2000 Olympics in Beijing, China—a country with an ancient civilization—can help enhance cultural exchanges between the East and West and between the North and South, as well as among various countries in the world. I believe it will be a new breakthrough in Olympic history.

Third, in almost 100 years, the modern Olympic Games have been held mostly in developed or relatively developed countries and have been held in developing countries only once. If the 2000 Olympics is held in Beijing, the capital of the largest developing country, the games will undoubtedly give an impetus to promoting the Olympic movement in developing countries. I believe Beijing 2000 will serve as another breakthrough in the Olympic movement.

Fourth, the purpose of the Olympic movement is to promote peace, friendship, and world progress. In the past, China was cut off from the outside world by its policy of

self-containment. We were said to be an "iron" or "bamboo curtain." Now that China has opened up to the whole world, the country is stepping up exchanges and increasing mutual understanding with other countries; this is beneficial to world peace. China is a large country. Holding the 2000 Olympic Games in Beijing can promote China's further opening to the outside world, increase friendship and understanding between us and the rest of the world, help people look for agreement while keeping their disagreements to themselves, eliminate certain differences, and reduce trouble and confrontation. This undoubtedly will be a great contribution by the Olympic movement to world peace.

Fifth, holding the 2000 Olympics in Beijing would also help China improve its human rights situation. I admit we do have problems in human rights; that is, the rights of the Chinese to survive. The Chinese not only want to survive, but also to lead well-off lives like people from some prosperous countries. This is our biggest human rights problem. Although we have solved the problem of feeding and clothing the Chinese people and are heading toward prosperity, China's living standards are well below those of other countries. It will take from several decades to 100 years for the Chinese to catch up with the living standards of developed countries. The Chinese people have the right to lead well-off lives, and this is their most fundamental right. We welcome foreign countries to take part in China's construction and help accelerate a solution to the human rights problem. As Chairman Samaranch said, the human rights issue is one of the factors the current meeting is considering in where to hold the Olympic venue. If the biggest human rights problems with China can be solved, it would make the world more harmonious and peaceful. I believe this will serve another breakthrough in the Olympic movement.

Chen Xitong said: Of course, human rights include democracy, freedom, and other rights. When basic human rights can be solved in China, other democratic rights for the Chinese people will be duly promoted and the socialist democracy will be further developed.

#### **Li Lanqing Meets Prince Rainier**

OW2109214693 Beijing XINHUA in English 2116  
GMT 21 Sep 93

[Text] Monte Carlo, Monaco, September 21 (XINHUA)—The Prince of the Principality of Monaco Rainier III met on Tuesday [21 September] Chinese Vice-Premier Li Lanqing who is also the honorary head of the Beijing bid team for the 2000 Olympic Games.

The Monegasque prince expressed his pleasure to meet Li and he welcomes more Chinese to come and see Monaco.

Li Lanqing expressed his gratitude to the prince for the hospitality of the Monegasque Government and people and spoke highly of the contribution the principality has made toward the Olympic movement.

The Chinese vice-premier extended the greetings from Chinese President Jiang Zemin and Chinese Premier Li Peng and he, on behalf of the Chinese president, welcomes the prince to visit China.

Prince Rainier III said: "My son Albert has visited China and the visit left him a deep impression. I will also go to visit China."

The prince of Monaco asked Vice-Premier Li Lanqing to forward his greetings to Jiang Zemin and Li Peng.

#### **Li Peng Writes to Olympic Committee Chairman**

HK2209081593 Beijing CHINA DAILY in English 22  
Sep 93 p 1

[By staff reporter Yang Xinwei: "State Right Behind Bid for Olympics, Says Li"]

[Text] Monte Carlo—The Chinese Government has reaffirmed its strong support for Beijing's bid for the 2000 Olympics.

The pledge was contained in a letter from Premier Li Peng to Juan Antonio Samaranch, President of the International Olympic Committee, said Wu Jianmin, spokesman of the Chinese delegation yesterday.

The letter was presented to Samaranch by Chen Xitong, chairman of the Beijing Bid Committee.

Samaranch thanked the Chinese premier and expressed his congratulations for the excellent work of the bid committee.

Chen said the opposition of the U.S. House of Representatives aroused indignation among the Chinese people but won't affect their support for the Olympic movement.

Meanwhile, Li Lanqing, vice-premier and honorary chairman of the Beijing bid delegation, said all the Chinese people are very enthusiastic about the Olympic movement and Beijing's Olympic bid.

Li said sports will help China raise its people's living standards and enable it to better develop while improving ties with other countries.

Asked if Beijing will bid for the 2004 Olympics if it fails in the 2000 bid, Li said: "We're currently concentrating all our efforts on the 2000 Olympic bid and we're full of confidence that we will win the bid."

Asked about human rights, Li said that the Chinese Government cares very much about them. "The Chinese Government is working in every way to raise the people's living standards, to strengthen democracy and jurisdiction," he said.

"The Olympic goal is to make the world a better place for people to live in. To bolster one's own image by attacking others is not what we would do and it is also against the Olympic goal," Li said. Human Rights

Human rights was also raised at the Beijing delegation's press conference on Monday.

Spokesman Wu Jianmin said the Chinese Government cares a lot about the human rights of all Chinese.

He said the Chinese had fought for a century for freedom and independence. "Thirty million people died for the cause of freedom," he said.

"Before 1949, Chinese went hungry. Every year, 100,000, or 1 million died from hunger," the spokesman said, adding that "before 1949 our population was 450 million. Now it is 1.16 billion. Today Chinese are not hungry. They are fed and they are clothed."

Wu said critics of Beijing's desire to host the Games "misunderstand" the situation in China.

"We have an old saying: 'One should look at the forest but not just a few trees,' said Wu, urging reporters to go to China and see for themselves.

"Politics should stay out the Olympics," Wu said. "I believe in the wisdom of the IOC members and I believe that Beijing's bid will win." Meanwhile, the Sino-American Trade Development Council in Washington DC announced its support for Beijing's bid yesterday.

Chairman Robert Goodman said the council had appealed to the International Olympic Committee for fair treatment to Beijing.

### **Overseas Groups Support Beijing's Olympic Bid**

#### **Chinese in Zimbabwe Favor Bid**

OW2009070793 Beijing XINHUA in English 0428  
GMT 20 Sep 93

[Text] Harare, September 19 (XINHUA)—The Overseas Chinese in Zimbabwe gathered at a meeting here on Sunday [19 Sunday] to support Beijing's 2000 Olympic bid.

The event was organized by the Overseas Chinese Federation of Zimbabwe.

They wished Beijing a success in its Olympic bid and handed over a declaration signed by Overseas Chinese to support Beijing's bid to Chinese Ambassador Gu Xiner on the same day.

#### **U.S. Trade Group Shows Support**

OW2109102393 Beijing XINHUA in English 0932  
GMT 21 Sep 93

[Text] Hong Kong, September 21 (XINHUA)—The Sino-American Trade Development Council Washington D.C. supported Beijing's bid for hosting the 2000 Olympic Games.

Robert Goodman, chairman of the council, said on Tuesday [21 September] that the council had appealed to the International Olympic Committee which is having a meeting in Monte Carlo for fair treatment to Beijing.

He said politics had no place in sports and the council believed some people had forgotten that the Olympics

were first and foremost a sporting event. Sporting organizations were not the appropriate forum for debate of political issues.

He said the U.S. House of Representatives resolution opposing Beijing's olympic bid had to be seen in prospective [as received] and did not necessarily accurately reflect American public opinion now.

Many ordinary Americans did support the idea of China being given a turn to hold the Olympics and felt that this would lead to even more improvements in a number of areas, he said.

Holding the Olympics in China would give China a chance to meet the world and give the world a unique opportunity to meet China at home and see for themselves the real China, Goodman said.

### **U.S. Magazine Sponsors Seminar in Shanghai**

#### **Minister Reports Leaders' Views**

OW2109155793 Beijing XINHUA in English 1533  
GMT 21 Sep 93

[Text] Shanghai, September 21 (XINHUA)—Wang Zhongyu, minister in charge of the State Economic and Trade Commission, said here today that the macro control program pursued by the Chinese Government has achieved positive results.

Wang, on behalf of Vice-Premiers Zhu Rongji and Li Lanqing, made the remark at the '93 Asian Top Executives Seminar sponsored by the American "BUSINESS WEEKLY" here today.

The seminar, presided over by John W. Patten, president of "BUSINESS WEEKLY" magazine, opened Monday [21 September] in Shanghai with the presence of leading entrepreneurs and scholars from institutes of higher education from China, Japan and the United States.

He said that guided by Deng Xiaoping's important speech in his south China tour early last year and the 14th national congress of the Chinese Communist Party, China's modernization drive has entered a new historical stage and its economy is seeing rapid development.

However, he noted, there have been some problems in economic development this year.

He said that recently, the Chinese Government has adopted a series of policies and measures to enhance and improve state macro control.

Practice shows that necessary and timely macro control by the state constitutes an important guarantee of the stable development of the national economy, he said.

Wang pointed out that the state's macro control system constitutes an important part of the socialist market economy.

He said that what has been done in this respect is to use economic means with necessary administrative means to solve conspicuous contradictions and problems in actual economic life.

He said that enhancing macro control does not mean cutting down in every aspect. Instead, it is to deepen the reform, transform the mechanism, optimize structures and raise efficiency so as to ensure a sustained, rapid and healthy growth in economic development.

He said that the economy in China is expected to maintain sound development due to the improvement of the macro economic environment.

### **Reports on Overseas Investment**

OW2109163693 Beijing XINHUA in English 1539  
GMT 21 Sep 93

[Text] Shanghai, September 21 (XINHUA)—Overseas investments in China are sure to be rewarded with success, said Wang Zhongyu, minister in charge of the State Economic and Trade Commission.

Addressing the ongoing seminar for top Asian and American executives sponsored by America's "BUSINESS WEEKLY" magazine here today, the minister said that China and the Asia-Pacific region have great potential for economic growth.

Wang said that China sincerely welcomes entrepreneurs from all over the world to participate in its economic construction. Introduction of advanced international experience is part of the country's drive to develop a market economy, he said.

While China is striving to push forward its economy, it is actively taking part in international cooperation. China is looking forward for ever broader economic cooperation with Asia-Pacific nations, he said.

The minister said that China's trade and investment exchanges with member nations of the Asia-Pacific Economic Cooperation Conference (APEC) have grown to account for three-fourths of its foreign trade and four-fifths of overseas investment in China.

Wang predicted that the close economic links between China and other Asia-Pacific nations will be even stronger in the coming years.

### **Jiang Said To Support Pudong**

OW2109155393 Beijing XINHUA in English 1542  
GMT 21 Sep 93

[Text] Shanghai, September 21 (XINHUA)—The Chinese Government's support for the development of Pudong in Shanghai, the nation's largest municipality, will not change, a top trade official today quoted President Jiang Zemin as saying.

Wang Zhongyu, minister in charge of the State Economic and Trade Commission, said this to the participants in the '93 Asia Top Executives Seminar sponsored by the leading American magazine, the BUSINESS WEEKLY.

The seminar was opened yesterday in Shanghai to explore the prospect of economic growth in China and Asia.

Wang said that starting from the strategies of national economic development and modernization the Chinese Government decided in the early 1990s to open up Pudong and build up Shanghai into an international economic, financial and trade center. The Pudong New Area is not only providing a new strategic space for the development of Shanghai, but also acting as a strategic bridgehead in carrying out the policy of reform and opening up.

Wang also said that international entrepreneurs, experts and scholars need only to take a look at the active investment in, and construction of, Pudong to believe that an export-oriented, multifunctional and modern development area will arise in the east of the world before the turn of the century.

### **Official Attends ASEAN Parliamentary Meeting**

OW2109174493 Beijing XINHUA in English 1631  
GMT 21 Sep 93

[Text] Kuala Lumpur, September 21 (XINHUA)—Chinese parliament observer Zhu Liang said here today that the friendly cooperation between China and the Association of Southeast Asian Nations (ASEAN) is entering a new stage of overall development.

At the 14th ASEAN Inter-Parliamentary Organization General Assembly which opened here today, Zhu emphasized that China welcomes and supports any advocate conducive to security, stability and economic cooperation in the Asian region.

China is in favor of the establishment of an east Asia regional economic core forum initiated by Malaysia and approved by the ASEAN foreign ministerial meeting earlier this year, Zhu told ASEAN member representatives from Indonesia, Malaysia, the Philippines, Singapore, Thailand and Brunei as well as other observers from Canada, Australia, Japan, South Korea, Laos, New Zealand, Russia and Vietnam.

In his speech, Zhu also said that China is willing to play a positive role in the organization of Asian Pacific economic cooperation.

China attaches importance to the positive role the ASEAN is playing in the aspect of regional security and cooperation while hoping to make full use of various mechanisms such as dialog and consultations between China and ASEAN members, he said.

Zhu also stressed that developing China needs peace. It will never pursue a policy of hegemonism and external expansion.

China will, alongside with the ASEAN countries, become an important force in maintaining peace and stability in Asia and the world as well, Zhu added.

As an official of National People's Congress of China (NPCC), Zhu said China is ready to learn experiences from countries including ASEAN members since strengthening

of legal construction, especially the economic legislation is the top priority in the building of socialist market economy in China.

On behalf of the standing committee of NPCC, Zhu officially invited the parliamentary organs of the ASEAN members to send delegations to visit China next year for further enhancing the exchange and cooperation between ASEAN and China.

### Opening of 48th UN General Assembly Reported

OW2209015293 Beijing XINHUA in English 2244  
GMT 21 Sep 93

[Text] United Nations, September 21 (XINHUA)—The United Nations General Assembly opened its 48th session at its headquarters in New York this afternoon.

Participating the session were delegations of the 184 member states, many of them led by heads of government or foreign ministers.

Samuel Insanally, permanent representative to the United Nations of Guyana and the only candidate for the presidency of the session, was elected to that office, to succeed Stoyan Ganey, president of the previous session and former foreign minister of Bulgaria.

Right after his election, Insanally told the session that what he would do in the capacity of the president was to "bring in the year ahead a sense of urgency to enhancing its service in the cause of global peace and development."

While expressing his satisfaction over the recent peaceful development in some parts of the world, he said it was important that "there should be a renewal of commitment by all member states to honor the high purposes of the charter and to forswear the use of force, as the preferred means to settle disputes."

He said that it was equally important to begin addressing the need for reform and restructuring the United Nations, so that it might respond more effectively to the changing circumstances.

On the reform and restructuring in the economic and social sectors, Insanally said that there was now a doctrine of "failed states", states which appeared unable to govern themselves, and the propagandists of this doctrine openly advocated the concept of spheres of influence in which strong nations would exercise a supposedly benevolent protectorate over the weak.

"This is a troubling proposition to say the least and is antithetical to the fundamental principles of the charter which affirm the right of all nations, big and small, to determine their own political, economic and social systems," he said.

Development is a multi-dimensional and complex process, he continued. "there must be a genuine acceptance of the concept of global interdependence and of the need for full international economic cooperation."

In this regard, he said, it was clearly evident that very little had been done by way of providing much needed financial resources and transfer of appropriate technology to enable the developing countries to honor their obligations under the compact.

The United Nations, he said, would do well perhaps to follow the example of the security council and come together at a summit level to address the world's economic problems and agree upon a practical program of action for their solution.

"The 'agenda for peace' must be complemented by an agenda for development," he said.

On the basis of mutual respect and moral responsibility one to another, he said, "we can work to build a community in which all nations will be treated with equal consideration and afforded the opportunity of full development."

Today's meeting also elected chairmen of the six committees and vice-presidents of the general assembly. The six chairmen elected are Adolf Ritter von Wagner of Germany, Stanley Kalpage of Sri Lanka, Rene Valery Mongbe of Benin, Eduard Kukan of Slovakia, Rabah Hadid of Algeria, and Maria del Lujan Flores of Uruguay; and the 21 vice-presidents are Bukina Faso, Egypt, Liberia, Tanzania, Zaire and Zambia, of Africa; Bangladesh, India, Iran, Pakistan and the Republic of Korea, of Asia; Poland of eastern Europe; Grenada and Guatemala of Latin American and Caribbean states; Canada and Liechtenstein of western Europe; and the five permanent members of the Security Council.

According to U.N. rules of procedures, these six chairmen, 21 vice-presidents and the president of the general assembly will be the 28 members of the general committee, whose main job is to recommend the items to be included in the agenda of the new general assembly.

### Representatives Address UNCTAD Board

#### On Environment, Trade

OW2209044493 Beijing XINHUA in English 0111  
GMT 22 Sep 93

[Text] Geneva, September 21 (XINHUA)—The developed countries should not use environmental protection as a trade barrier and they should do more in protecting the environment, a Chinese official said here today.

"Environment standard is inextricably associated with the levels of economic and technological development of a country," noted Lu Ruishu, Chinese deputy representative, when addressing the first part of the 40th session of the United Nations Conference on Trade and Development (UNCTAD) Board.

"As it stands now, the developed countries and the developing ones have differing standards in this field which can hardly be expected to converge at stage," he added.

The link between trade and environmental protection is one of the prominent topics at the session, which opened on Monday [21 September].

The developing countries fear that the developed countries could turn their over-stringent environment standards into new non-tariff barriers with the aim of protecting their national interests.

"Indeed, the adoption of environmental protection measures for trade is desirable, as a good policy would at the same time protect the environment and promote the normal development of international trade," Lu stated.

"However, a set of ill-devised standards which is incompatible with actual situations will turn out to be new trade barriers in the way of the development of international trade," he said.

The developed countries are urged to take into full account the present productive and technological capabilities in formulating the standards and regulations on the imported goods and duly give them preferential treatment.

"Environmental protection is a common task for mankind," he said. "But the developed countries are called upon to shoulder a bigger portion of the responsibility and obligation in this regard."

The sustainable development of the developing countries should receive adequate support from the international community and from the developed countries in particular, which should open their markets, remove their tariff and non-tariff barriers, he stressed.

On China's policies on trade and environment, Lu said that the country has set up a "comprehensive policy regime" in environment laws and management, generating certain impact on the development of its foreign trade.

However, China must embark on the road of coordinating the development of foreign trade and environmental protection to ensure a sustained and stable development of economy, he added.

"For that purpose, we must work to enhance the environment awareness of foreign trade officials and carry out further institutional reforms to ensure better management and more adequate regulations," he affirmed.

#### **On Developed Countries' Role**

OW2209083293 Beijing XINHUA in English 0642  
GMT 22 Sep 93

[Text] Geneva, September 21 (XINHUA)—China urged on Tuesday [21 September] the developed nations to shoulder more responsibility to stimulate world economic growth.

The remarks were made by Chinese representative Tang Yufeng when addressing the first part of the 40th session of the board of the UN Conference on Trade and Development (UNCTAD), which opened on Monday in Geneva.

"It is the view of the Chinese delegation that the developed countries should shoulder their responsibilities in order to achieve continued expansion in the world economy," Tang told the session.

High on the agenda are the world economic situation, the Uruguay Round of world trade talks and the relations between trade and environment.

"World economy has witnessed unbalanced development and the North-South gap has grown wider still," he said.

He stressed that the interest of all developing countries should be taken into account while strengthening the formulation of macro economic policies and international coordination.

The developed creditor countries and debtor countries should continue their efforts to fundamentally solve the debt problem which has seriously hampered the economies of the developing countries, he urged.

"Major trading countries should take practical steps to honour their commitment to propel the Uruguay Round...to achieve at an early date balanced results..."

Regional economic integration process, Tang indicated, should work to promote and complement world trade liberalization and world economic integration.

He added, "Major groupings and their member countries should avoid the unfavorable impact which may befall countries outside the groupings, particularly the developing countries..."

On trade and environment, the Chinese representative noted that the environment policies and measures should be complementary to the macro economic policies. They should not be "an excuse for new trade restrictions."

#### **United States & Canada**

##### **Part One of Article on Possible 'Confrontation'**

HK2209085893 Hong Kong HSIN PAO in Chinese  
22 Sep 93 p 8

[Article by Juan Tzu-san (7086 2945 1472): "China Waits for Opportunity To 'Fight It Out' With the United States—The United States Is Bound to Pay a Price for Constantly Infuriating China (Part One of Two)"]

[Text] After Clinton assumed office, the U.S. Administration and Congress have tried to create a "hostile atmosphere" which is disadvantageous to China. For various reasons the Chinese authorities have exercised tolerance toward all kinds of provocations by the United States over the past nine months or so. China has also made some occasional exploratory moves with restraint.

Nevertheless, recent indications show that such tolerance has reached a critical point and a head-on confrontation between China and the United States is imminent. If China fails in its bid for the 2000 Olympic Games, the conflict will be unavoidable.

The anticipated conflict between China and the United States will not lead to a war. Superficially, the United States has dominated the world during the post-Cold War period. Viewed from its actual strength, momentum, and influence, the might of the United States, which is at a

crossroads, is far inferior to in the past. Conversely, China is like a new rising force, winning widespread support on the international stage, particularly from the East Asian region. In terms of influence, China is capable of contending with the United States. If the two "flood dragons" fight in the rivers, the "common people" are bound to suffer. Taiwan probably will be the biggest victim.

Since the presidential elections there has been no trace of the formation of Clinton's China policy. During the elections, his "policy toward China" was totally aimed at opposing Bush's China policy and was influenced by the liberal members of the House of Representatives including Tom Lantos (California Democrat) and Nancy Pelosi (California Democrat), convener of the "China Work Group" under the House of Representatives. Proceeding from human rights, they fiercely attacked China, totally ignoring the changes that have taken place over the past three years or so as well as the political changes in East Asia as a whole.

#### **Clinton Inclined To Stand in Opposition to China**

Above all, Clinton appointed Winston Lord, a Republican who was ambassador to China during the Tiananmen incident and who was hated by the Chinese authorities, to assume the office of assistant secretary of state in charge of Southeast Asian affairs. The appointment irritated China. At that time, there was a better candidate, Richard C. Holbrooke, who had assumed the same office during the Carter administration. However, Clinton chose Lord instead of Holbrooke (who was appointed ambassador to Germany in mid-June), which clearly indicated his position of opposing China. Such a move is rare in the history of diplomatic relations. After assuming office, Lord, who sacrificed his friendship with Kissinger who had once trained him, introduced Clinton to a China policy which was completely different from that during the Nixon, Carter, and Bush periods, resulting in the unnecessary conflict in Clinton's current China policy.

Another reason for the deteriorating relations between China and the United States is that the Clinton administration lacks diplomatic experience and is short of qualified personnel for its diplomatic and security work. Since his assumption of office, Clinton has not yet formulated a clear direction for his overall diplomatic policy, to say nothing of his East Asia policy and China policy. In the U.S. system, where the executive is separated from the legislature, the president has the right to declare war and announce his foreign policy. If the president is weak in matters of foreign affairs, the Congress can overstep his authority. In current U.S. foreign affairs there are indications of Congress overstepping the authority of the President.

#### **Deliberately Inclined To Trouble China to the End on Human Rights**

The problem is that China knows Clinton's personnel arrangements are aimed at making trouble for China. Members of the Congress close to Clinton have also been active in opposing China on economic and trade affairs

and human rights. At the time when China was going all out to win its bid for the 2000 Olympic Games, the U.S. Senate and House of Representatives both adopted resolutions urging the International Olympic Committee to reject China's offer. China regards such a move as a "conspiracy" and an intentional provocation against China.

As for more recent reasons, there are three developments which make the Chinese Government believe that hostility from the U.S. Administration has reached an intolerable level.

First, it has been reported that the United States plans to appoint Donald McHenry, who was U.S. ambassador to the United Nations during the Carter administration in 1979, as the new ambassador to China. The Chinese side is displeased because McHenry is an ultraliberal figure and an activist with a strong sense of human rights. During his term of office as ambassador to the United Nations, he offended many Asian and African nations on the question of human rights. If such a person, who is not familiar with China's national conditions and who is known as a "human rights cop," is appointed to Beijing, it is quite obvious that Clinton is determined to fight with China to the end on the question of human rights.

#### **Determination To Counterattack Hegemony**

Second, the Clinton administration hastily imposed two-year economic sanctions on China on 24 August, based on its assumption that Beijing sold missile technology to Pakistan. In addition to China and Pakistan, which denied the deal, even officials from the Bush administration and current State Department officials doubted the accuracy of the information. For this reason, the Western allies ignored Clinton's call and did not join the action. Because the U.S. commercial sector was suffering from the sanctions, Lord suddenly modified his previous remarks and said on 31 August that the United States hoped to reach an agreement with China on lifting the sanctions, based on the condition that China participate in the Missile Technology Control Regime. To a large country like China, such a tactic of "slapping it on one side and pacifying it on the other" will hardly work.

Third, the United States, based on its information, suddenly charged in late July that the freighter Yinhe, belonging to the Chinese Ocean-going Shipping Company, was carrying the chemicals thioglycol and thionyl chloride, which could be used to produce chemical weapons, to Iran. Besides dispatching navy vessels to track the freighter, the United States also sent aircraft to take photographs of the Yinhe. At first, the United States wanted the Chinese authorities to recall the freighter. To show its innocence, the Chinese Government insisted on checking the goods in a third nation. As a result, China and Saudi Arabia, which were responsible for the inspection, announced on 4 September that the freighter was not carrying the alleged chemicals and the U.S. Administration also acknowledged the fact. However, besides terming the incident "unfortunate," the United States refused to

apologize or compensate for the loss. The Chinese side is determined to teach the United States a lesson for its stubborn hegemonist act.

### U.S. Seen as Self-Appointed 'Magistrate'

HK2209011093 Beijing LIAOWANG in Chinese No 36,  
6 Sep 93 p 42

["International Jottings" by Wei Guoqiang (7614 0948 1730): "The Logic of International 'Magistrate'"]

[Text] The U.S. Government decided to implement "class-two sanctions" against China and Pakistan on 25 August on the grounds that China had conducted transfers related to M-11 missiles to Pakistan, and put on a farce of bullying people on the strength of its powerful position, namely, banning the sanctioned countries from exporting sensitive high technology products.

On several occasions in recent years, the United States has implemented sanctions, or threatened sanctions against other countries including China on the issue of arms sales and arms control; on every occasion it seemed to assert eloquently that "it is imperative to guard against the proliferation of mass destruction weapons and their vehicles," that "arms should not be sold to sensitive areas," and that "the balance in areas of United States concern should not be sabotaged," while putting on a stern countenance of the apologist of "world peace." Nevertheless, when people take a look at the actual doings of the United States, it will not be difficult for them to find that the United States is playing the role of an international "magistrate" on the issue of arms sales and arms control—the United States may do whatever it pleases but will not allow other countries to do anything that is reasonable and legitimate.

As everyone knows, the United States has replaced the former USSR and become the world's first power in arms export since the end of the Cold War. U.S. arms sales volume accounted for only 9.19 percent in the world total; last year, it leaped to 56.8 percent, and the bulk was advanced fighter planes, tanks, guided missiles, and other equipment, and sold mostly to "sensitive areas," as the United States put it, while turning them into "powder kegs" in the world and "test grounds" for U.S. arms once again. In September 1992, the U.S. Government openly violated the Sino-U.S. "17 August" Communiqué and decided to sell 150 F-16s to Taiwan, while crudely violating China's internal affairs and setting up hurdles to the peaceful reunification of Taiwan and the mainland. The United States has shown not the least self-criticism, self-restraint, and repentance for all that it has done.

In fact, the volume of Chinese export in arms was just a tiny bit compared to the U.S. volume. From the angle of quality, the arms were of a low level. The Chinese Government has on several occasions explained to the world as well as the United States with sincerity that China has all along adopted a persistent active and solemn position on the issue of guarding against the proliferation of mass destruction arms and their vehicles; in the export of conventional weapons, China has also strictly abided by

the international obligations it has been committed to and the Chinese Government's persistent principled stance on the transfer of conventional weaponry. China has not only said so, but also made good its words; that is obvious to all and factual beyond debate. Regretfully, the United States has turned a blind eye and a deaf ear to China's correct practice while going its own way to deliberately cause trouble for China. It is all too appropriate to describe such behavior of the United States with the Chinese proverb, "while the magistrates were free to burn down the house, the common people were forbidden even to light lamps." Nevertheless, ancient Chinese magistrates were appointed by the emperor, but, today, the United States is acting as the "international magistrate" without the appointment or recommendation of anyone, but has always regarded itself as the "international magistrate" that should lead the "new world order."

There is something doubtful about this U.S. action. In the wake of the U.S. side setting out the issue of the transfer of M-11 technology, the Chinese side had on several occasions clarified the matter, and explicitly stated that China had abided by its commitment to the criteria and parameters for the "Missile Technology Control Regime," and had done nothing against its commitment. The so-called information obtained by the U.S. side was inaccurate. On this point, even THE NEW YORK TIMES and THE WASHINGTON POST have reported that over the past few months, U.S. intelligence departments had all along had "different opinions" on whether or not the information in their hands could testify to China having violated the "Missile Technology Control Regime." The U.S. side acted willfully without a clear picture of the whole thing, regardless of the clarification of the Chinese side on several occasions, and hastily decided to withdraw sanctions against China, and made people think that there was some hidden intention behind its action.

Furthermore, there is something ridiculous about this case. The United States is a so-called country of the rule of law, and will try every way to seek legal grounds in doing everything (of course, when they failed to find such grounds, they would do things without any disguise; for example, the invasion in Panama and Grenada). Now when contradictions come up, namely, when the scope it wants to take control of has become increasingly wider, and when some problems went beyond international law, the United States handles world issues with its domestic laws. On 15 June 1992, the U.S. Supreme Court ruled that the United States was allowed to round up suspects in other countries and put them on trial in the United States. This time, the U.S. decision on implementing sanctions against China and Pakistan was also grounded on U.S. domestic laws, namely, the U.S. "Law on Control Over Export" and "Law on Arms Control." Anyone who has some common sense in international affairs knows that those two laws can only be used to administer U.S. enterprises and firms but cannot be used to deal with country-to-country differences. Country-to-country issues should be settled through dialogue on equal basis according to international law and usual practice. However, the United States regards itself as a patriarch, paying

no heed to other countries' sovereignty, and easily resorts to its "patriarchal law" to deal with other countries.

The colonial era has long since become history, and an increasingly greater number of cases has occurred of rebellion against such peremptory practices of the United States that run against historical current. On 3 August, the United States decided to levy huge antidumping tariffs on the steel products of 16 countries; but it suddenly kept quiet two days later, because a Canadian court announced leveling of antidumping tariffs on the products of several U.S. iron and steel companies. Such practice is typical of bullying the weak and fearing the strong.

On several occasions, the United States has resorted to its domestic laws in dealing with its relations with China. In September 1992, when the United States sold 150 F-16s to Taiwan, it cited its domestic "Law on Relations With Taiwan." Earlier this year, the U.S. Senate even adopted an act saying that from now on, priority should be given to the domestic law on selling arms to Taiwan over the Sino-U.S. "17 August" Communiqué.

Although China is not developed enough economically, it is not insignificant; the United States should not be unscrupulous but weigh the pros and cons in doing anything. True, the U.S. sanctions will affect a small amount of U.S. exports, but people of U.S. entrepreneurial circles are beginning to feel uneasy about the effects resulting from this measure of the U.S. Government, and worry about the consequences of a cutback in Sino-U.S. trade volume and even jeopardizing bilateral trade relations comprehensively so that the United States would lose the opportunity to open China's markets. Furthermore, the Chinese Government has explicitly stated that should China be forced to reconsider its commitment to the "Missile Technology Control Regime," the consequences are self-explanatory.

This being the case, the U.S. side should judge the hour and size up the situation, regard and treat Sino-U.S. relations with a long-term view, resolve the differences between the two countries through dialogue on an equal basis, reduce trouble, increase trust, avoid confrontation, and develop cooperation. Only then will it be possible to protect and develop the basic interests of the peoples of the two countries; whereas any practice of hegemony and power politics will run against the wishes and basic interests of the two peoples and will not be conducive to peace and stability of the Asia-Pacific Region and the world.

### Reactions to U.S. Treatment of Yinhe Incident

#### International Law 'Violated'

OW2209050593 Beijing BEIJING REVIEW in English  
No 38, 20-26 Sep 93 pp 12, 13

[Article by Tiao Yue: "U.S. Breaches International Law in the Yinhe Incident"]

[Text] What the United States did in the Yinhe incident has seriously violated international law. The U.S. government must be held fully responsible for all resultant consequences. The United States played an ignominious

role as a "world cop" and Washington should make a formal apology to China and pledge to prevent a recurrence of similar incidents in the future.

"The United States, basing itself on so-called "intelligence," recently made groundless accusations against the Chinese cargo ship Yinhe, alleging that it was carrying chemical weapon ingredients, thiodiglycol and thionyl chloride, to Iran. Consequently, the United States sent warships and military aircraft to willfully monitor, follow and threaten the Chinese ship on the high seas, which directly interrupted the ship's normal navigation, and legitimate commercial operation. At the same time, Washington spread its mistaken information to other countries, and prevented the Yinhe from going about its scheduled ports of call, as well as from loading and unloading its cargo and replenishing its stocks. The ship was compelled to stay adrift on the high seas for many days and change its course, which not only caused heavy economic losses to China, but also seriously endangered the safety of the ship and its crew.

To clarify the facts and rectify the misguided public opinion, China sent its inspection group to the Dammam Port of Saudi Arabia on August 24 to conduct a Saudi-Chinese joint inspection of the cargo carried by the Yinhe.

The results of the inspection showed that the Chinese ship had not been carrying the two chemicals at all and that the U.S. accusation against China was "nothing but a groundless and deliberate slander."

At present, a preliminary international legal mechanism on the control of chemical weapons and related chemicals has taken shape, which is the convention on the Prohibition of Development, Production, Stockpiling, and Use of Chemical Weapons and on their Destruction (the CW Convention).

The convention has won universal attention for it reflects to some degree the position, aspirations and general trend of the international community regarding the prohibition of chemical weapons. It also provides some guidance for the handling of the question of chemical weapons by various countries.

The Chinese government has, all along, strictly abided by international conventions and has earnestly fulfilled its international obligations. Despite the fact that the convention has yet to take effect, China, as a signatory, has maintained a stance and practice that are consistent with the convention's requirements in regard to chemical weapons.

It must be pointed out that the CW Convention has not yet been put into effect, and is therefore unenforceable at this time. In addition, to this day, the United States has not ratified the convention.

Therefore, the United States does not have any legal basis to comment on other country's chemical control regimes and policies, let alone to demand verification and inspection. By interfering in China's normal trade activities on totally unwarranted charges, the United States has once

again tried to lay the role of "world cop," revealing itself to be a hegemonic bully. U.S. "intelligence" and subsequent U.S. accusations against China are based on ulterior motives designed to undercut China's international credibility, undermine its friendly relations with other countries and disrupt its normal trade operations.

By taking illegal actions against the Yinhe on the high seas with warships and military aircraft, the United States has violated the principle of freedom of the high seas under international law. The right to freedom of navigation of the Yinhe, which was conducting its normal commercial shipping business on the high seas, should have been fully respected by the U.S. side. Such actions as following, monitoring and spying on the Yinhe by U.S. warships and military aircraft seriously infringed upon China's sovereignty and its right of navigation in international waters, and constituted blatant contempt of the norms governing international relations.

As a result of the U.S. groundless accusations and unwarranted interference, the Yinhe has suffered heavy economic losses. It may face compensation claims and has incurred extra expenses as a result of its failure to deliver its cargo on schedule and its subjection to inspection. As this incident was engineered solely by the United States, it is therefore logical that the United States shall bear all the consequences.

Moreover, as members of the international community, states must subject their conduct and activities to international law. If a state is found to have violated the rights and interests of another state or committed unlawful acts, it must live up to its responsibility as a state. In the case of the Yinhe incident, the United States has damaged the good reputation and legitimate rights and interests of a sovereign state and has hurt the national feelings of the Chinese people. Therefore, it must bear responsibility by making a formal apology to China and compensate for a loss of U.S.\$12 million, guaranteeing not to let similar incidents happen again.

China has always attached importance to Sino-U.S. relations and has made great efforts in their development. But Sino-U.S. relations can only be based on mutual respect, equality and non-interference in each other's internal affairs. The wrongdoing of the United States in the Yinhe incident has cast a dark shadow over Sino-U.S. relations and the U.S. government must be held fully responsible for all the consequences arising therefrom.

#### **U.S. 'Hegemonistic'**

*OW2209053393 Beijing BEIJING REVIEW in English  
No 38, 20-26 Sep 93 pp 13, 14*

[Article by Liu Yegang: "Chinese Cargo Ship Yinhe Cleared of Suspicion"]

[Text] The truth has finally come to light. A complete inspection of the Chinese cargo ship Yinhe has shown that it was not carrying the two banned chemicals, thiodiglycol and thionyl chloride, as alleged by the United States.

The results of the inspection were stated in a report jointly signed by Saudi and Chinese representatives and a US technical advisor to the Saudi side in Damman, Saudi Arabia, on September 4.

The report said, "The U.S. government undertakes to inform the governments of the countries which the Chinese ship Yinhe had been scheduled to call of the results of this inspection and to seek to ensure a smooth entry of the ship into the ports concerned to unload its cargo."

It now appears that the tumult surrounding the incident is beginning to subside following the inspection which has proved the U.S. allegations to be totally unfounded, but questions still remain. How did these gross misunderstandings occur, and what conclusions can be drawn from the incident? ;

It all started on July 23 when the U.S. embassy in Beijing stated at a meeting with the Chinese Foreign Ministry that the Yinhe had left the Chinese port of Dalian on July 15 and was headed for Abbas, Iran, carrying a load of thiodiglycol and thionyl chloride, two chemicals whose sale or transport is banned by the Chemical Weapons Convention, of which China is a signatory. [as published] The U.S. embassy asked the Chinese government to stop the export of the materials, which may be used for making chemical weapons, or, it said, Beijing will face sanctions imposed by Washington according to U.S. law. While making further representations with the Chinese Foreign Ministry on August 3, the United States, in apparent defiance of China's sovereignty, asked China either to order the return of the ship to its port of departure or to allow Americans to board the ship to conduct an inspection.

Prior to this U.S. announcement, U.S. aircraft and warships had started on August 1 to follow the Yinhe on the high seas, the aircraft taking aerial intelligence photos. With its normal navigation severely interrupted, the ship had to drop anchor on the high seas off the straits of Hormuz on August 3. In addition, the United States informed the gulf countries of its so-called "intelligence" regarding the ship, and in what proved to be typical of the colored version of the U.S. story, the Western media reported that the Yinhe was carrying chemical products or chemical weapons and even nuclear weapons.

China has been very serious in its attitude towards the matter. It conducted a serious and extensive investigation into the affairs and found that the U.S. "intelligence" was full of self-contradictions. Contrary to U.S. claims, the container ship in fact left its port of departure, Tianjin, on July 7, and was bound for its port of destination Kuwait. It never had any plans to harbor in the port of Abbas, a port which, incidentally, cannot handle a container ship. Thirty containers were bound for Iran, as the investigation showed, but they only contained stationery, metal fittings, machinery spare parts and dyestuff, which were scheduled to be unloaded in Dubai, the United Arab Emirates, before being transhipped to Iran. There was no trace of the two chemicals the ship was alleged to have been carrying.

While pointing out to Washington that its intelligence was highly inconsistent with the facts, China made stern objections to U.S. diplomats on August 4. It said that China has formulated extremely stringent measures to control its chemical exports and has never exported the chemicals, technology and equipment which can be used for making chemical weapons. Although the chemical weapons convention will not become effective until at least 1995, China, a signatory to the convention, formulated measures banning and controlling such chemicals as early as 1990. The Chinese side also asked the United States to stop obstructing and disturbing the Yinhe so as to ensure that the ship was able to dock and unload its cargo at ports concerned.

Unfortunately, the false intelligence of the United States and its hegemonistic practices have already caused serious consequences. As the Yinhe was compelled to stay adrift on the high seas in the gulf region, it began to suffer serious fuel and water shortages. At this critical moment, the United Arab Emirates extended help by sending a tugboat with 60 tons of fuel and 60 tons of water for the Chinese ship. However, the United States went so far as to describe this as an Iranian ship heading for the Yinhe and warned the Chinese ship not to enter the Iranian port. Because of the U.S. obstructions, the Yinhe could not reach its destinations and unload its goods on time. Despite repeated overtures made by China, the United States stuck to its own "reliable" intelligence and was bent on conducting an inspection of the ship.

In order to clarify the truth of the matter to the international community, bring about an early solution to the issue, avoid further losses and alleviate the sufferings of the Yinhe seamen, China proposed on August 4 an inspection of the ship's cargo, to be conducted by a third party. The government of the Kingdom of Saudi Arabia subsequently agreed to allow the Chinese ship to dock at the Dammam port and to send representatives to join the Chinese experts in inspecting the Chinese ship. The United States would also send experts to join in the inspection as the Saudi side's technical advisors.

On August 26, representatives from the three sides agreed to conduct a special inspection of the cargo destined for Iran during which the containers in question would be opened. The three sides also agreed to sign and publish a report detailing the results of the inspection.

The inspection, which began on the morning of August 28, failed to reveal anything that the United States had alleged. The U.S. experts then asked for further inspection of the cargo shipped from Hong Kong to Iran. Again, to their great disappointment, nothing unusual was found.

The Americans, at their wits' end, demanded to inspect all the cargo on the ship and said they would otherwise not accept the outcome of the check. The Chinese side, while pointing out that the U.S. had gone back on its own words with its unreasonable demand, agreed to have all the cargo on the ship inspected. But again, nothing the United States accused the Yinhe of carrying was found. The U.S. side finally had to sign, together with the Chinese and Saudi

representatives, the report of inspection which declares no alleged chemicals aboard the Yinhe.

The results of the exhaustive inspection show that the truth has been brought to light. The U.S. attempt to damage China's reputation under the pretense of preventing chemical weapons proliferation has ended in failure.

After reviewing the story of the Yinhe, one cannot help but consider the following: in the present day of the 1990s, if a nation like the United States, which claims itself a nation upholding "law" and "democracy," can do whatever it wishes, how many more ordinary cargo ships like the Yinhe will suffer from U.S. hegemonism? And will generally-acknowledged truth ever be recognized in this world?

### Hong Kong Scholars React

HK2209051493 Hong Kong *THE STANDARD* in English 22 Sep 93 p 7

[Report by Catherine Ng]

[Text] The United States exercised power politics over the incident involving the Chinese ship Yinhe, which it suspected of carrying chemical weapon components, scholars say.

In a forum held by the China Studies Centre of the Hong Kong Polytechnic on the Yinhe affair, legal expert Wang Guiguo said the U.S. action was not based on any legal principle. "At present, no international law could justify the U.S. action," said Wang, a reader in Law at the polytechnic. "It intervened in China's freedom of navigation. This move cannot be defended by any international treaties." He said the U.S. chose to comply with international law only when it proved to be in the nation's interest.

Wah Kiu Yat Po deputy chief editor Peter Tsang said U.S. behaviour in the Yinhe incident only reflected its usual practice of being "overconfident" and posing "double standards" on other countries. Tsang said the Yinhe issue aroused special concern in Hongkong as the incident involved China.

International relations specialist James Tang also agreed with Tsang that it was the "pan-American idea" that drove the U.S. to force an inspection of the Yinhe. However, Tang said the incident showed, perhaps ironically, that Sino-American relations in the post cold-war era were reasonably good. "While the U.S. is aware of the threatening economic growth and nuclear proliferation of China after the collapse of the Soviet Union, it also sees the need to maintain relations," Tang said. "The U.S. action therefore is sort of a warning signal to China, telling it the U.S. is concerned about any move by China" Tang said. As China also saw the need not to sever relations, its response was not overly hostile.

### Property Rights Group Visits U.S., Holds Talks

OW2109060493 Beijing *XINHUA Domestic Service* in Chinese 0826 GMT 20 Sep 93

[By reporter Zhao Renfang (6392 0088 2455); all non-Chinese names as received]

[Text] New York, 19 Sep (XINHUA)—A Chinese high-technology industry and intellectual property rights [IPR] delegation, led by Duan Ruichun, director of the State Science and Technology Commission Department of Structural Reform, arrived in New York 19 September for a six-day visit.

The purpose of the visit, said Duan Ruichun, is to discuss with a number of leading U.S. banking institutions and corporations the assessment of and investment in invisible assets, as well as issues pertaining to Sino-U.S. cooperation in the high-technology industry.

According to Executive Vice President Weijun of the U.S. Hays-Kerry Corporation, the sponsor of the delegation during its stay in New York, the delegation will hold talks with about 20 high-technology corporations and investment banks, including IBM, the First Boston Bank, the Smith-Barney Company, and Paine-Webber to facilitate U.S. enterprises in investing in China's high-technology development zones and to expand the horizon of Sino-U.S. cooperation in high technology.

Before arriving in New York, the delegation visited Washington where it exchanged views with the U.S. Public Policy Academy and relevant U.S. Government departments on issues related to science and technology, trade, and IPR policies. The delegation also toured the Maryland High-Tech Park and Virginia Innovative Technology Center.

After visiting New York, the delegation will go to Los Angeles.

### **Central Eurasia**

#### **Foreign Ministry Speaks on Russian 'Crisis'**

*HK2209063693 Hong Kong AFP in English 0624 GMT 22 Sep 93*

[Text] Beijing, Sept 22 (AFP)—Referring to Russia's situation as a "crisis," China said Wednesday it hoped its northern neighbor would maintain stability and avoid conflict.

"We have taken note of the new developments of the Russian situation," the Foreign Ministry here said. "The consistent position of the Chinese Government is non-interference in other countries' internal affairs."

"As a neighboring country of Russia, we hope that Russia will maintain stability of its domestic situation so as to avoid conflict and seek a peaceful solution to the crisis."

Internal Chinese documents vilified Russian President Boris Yeltsin as a "traitor to socialism" after the failed 1991 coup in Moscow led to the Soviet Union's collapse and provided him the chance to take power. Since then, however, Beijing has adopted a pragmatic policy toward Yeltsin, who visited here last year. Relations have been expanded on all fronts, and in particular Russia has become a major arms supplier.

### **Reportage on Political Developments in Russia**

#### **Yeltsin Dissolves Parliament**

*OW2109203593 Beijing XINHUA in English 1735 GMT 21 Sep 93*

[Text] Moscow, September 21 (XINHUA)—Russian President Boris Yeltsin announced on Tuesday [21 September] that he was suspending Russia's parliament and calling elections for a new two-chamber legislature on December 11-12.

In a televised announcement, Yeltsin said he had signed a decree suspending the parliament, saying that the parliament had created an unacceptable obstacle to economic reform.

Meanwhile, Vice-President Aleksandr Rutskoy told reporters on Tuesday that he was taking over as president of Russia following Yeltsin's announcement of the dissolution of parliament.

#### **Rutskoy 'Taking Over' Presidency**

*OW2109203793 Beijing XINHUA in English 1843 GMT 21 Sep 93*

[Text] Moscow, September 21 (XINHUA)—Russian Vice-President Aleksandr Rutskoy said on Tuesday [21 September] that he was taking over as president of Russia after President Boris Yeltsin's announcement to dissolve parliament and called elections for a new legislature.

Rutskoy, Yeltsin's major political rival, accused Yeltsin's move of an "open coup d'etat" and said he was taking over power.

Yeltsin also announced in a televised address that parliamentary elections would be held on December 11-12.

#### **Khasbulatov Urges General Strike**

*OW2109203893 Beijing XINHUA in English 1854 GMT 21 Sep 93*

[Text] Moscow, September 21 (XINHUA)—Russian Parliament Chairman Ruslan Khasbulatov called on the Russian soldiers and people to disobey Russian President Boris Yeltsin's orders and appealed for a general strike against the president.

Yeltsin announced late today that he was suspending Russia's parliament and calling elections for a new two-chamber legislature on December 11-12.

#### **'Thousands' Gather in Streets**

*OW2109204093 Beijing XINHUA in English 1856 GMT 21 Sep 93*

[Text] Moscow, September 21 (XINHUA)—Thousands of Russian people gathered in the streets in Moscow tonight after President Boris Yeltsin announced the dissolution of the parliament and Vice-President Aleksandr Rutskoy claimed to take over powers of the president.

More than thirty military trucks loaded with soldiers and policemen were parked near the Central Bank late today, but the purpose of their deployment was not clear.

President Yeltsin's struggle with the parliament has lasted for months centered on the country's economic reform and today's move of the President Yeltsin's broke his long-standing stalemate with the lawmakers.

#### **Khasbulatov Appeals to Police**

*OW2109204193 Beijing XINHUA in English 1992  
GMT 21 Sep 93*

[Text] Moscow, September 21 (XINHUA)—Yeltsin's chief opponent, parliament speaker Ruslan Khasbulatov, today described Yeltsin's move to dissolve parliament as "a state coup" and appealed to the police and military to ignore any orders from the president.

"Do not fulfill any illegal decrees coming from the president," Khasbulatov made the remarks at the parliament headquarters. "These decrees are considered invalid," he added.

President Yeltsin announced on Tuesday [21 September] that he was suspending Russia's parliament and calling elections for a new two-chamber legislature on December 11-12.

Yeltsin warned that any attempts to block his assumption of power or the elections would be "punished by law."

A Defense Ministry official said that the Russia's armed forces would only abide by the constitution and laws and would remain political neutrality.

News reports said that 35 military trucks loaded with soldiers and policemen were parked near Russia's Central Bank late Tuesday, but the purpose of their deployment wasn't immediately clear. But there were no other signs of unusual military movement in the Russian capital.

The INTERFAX News Agency said lawmakers would attempt to impeach Yeltsin and name Vice President Aleksandr Rutskoy as acting president. Following Yeltsin's announcement to dissolve parliament, Rutskoy told reporters that he was taking over as president of Russia.

#### **'Roundup' Discusses Situation**

*OW2109214593 Beijing XINHUA in English 2059  
GMT 21 Sep 93*

["Roundup": "Political Showdown Underway in Russia"]

[Text] Moscow, September 21 (XINHUA)—Russian President Boris Yeltsin's announcement of the suspension of the parliament today was challenged by strong defiance from his main political opponents.

Trying to break the longstanding stalemate with the parliament, Yeltsin announced in a televised address that he was suspending Russia's parliament and calling elections for a new two-chamber legislature on December 11-12.

Yeltsin warned that any attempts to block the election or assumption of power would be "punished by law."

In his statement, Yeltsin said, "in accordance with a presidential decree already signed, beginning today the legislative, executive and control functions of the congress and the Supreme Soviet are stopped."

"The lawmakers are losing their abilities," Yeltsin said. Adding that "we need people who are more professional, more civilized and more democratic, and I believe there are such people in Russia."

Defying the president's decree, Russian Vice-President Aleksandr Rutskoy said "Yeltsin's decree violated the country's constitution," and called the move an "open coup d'etat."

The vice president then claimed that he was taking over as president of Russia, and afterwards, the leadership of the parliament has named Rutskoy acting president.

The Russian parliament Chairman Ruslan Khasbulatov, the main opponent of Yeltsin, appealed to soldiers and police to ignore any orders from the president and called for a general strike against the president's move.

Khasbulatov said in a press conference today, "these decrees are considered invalid."

News reports said that 35 military trucks loaded with soldiers and policemen were parked near Russia's Central Bank late Tuesday [21 September], but the purpose of their deployment wasn't immediately clear. But there were no other signs of unusual military movement in the capital.

A Defense Ministry official said that the Russia's armed forces would only abide by the constitution and laws and would remain politically neutral.

Khasbulatov said, in a hastily-summoned meeting of the parliamentary leadership, "my request to you in these coming days is to be extremely cautious, we have no cause to seek confrontation. We are only carrying out our duties."

At the meeting, Vadim Stepashin, head of parliament's Security and Defense Committee, told the meeting that he met Interior Minister Viktor Yerin to discuss the incident.

"I can give full guarantees that not one military unit, not one Interior Ministry unit will storm the White House," he said.

After Yeltsin's announcement, thousands of Russian people gathered in front of the parliament.

#### **Parliament Appoints Rutskoy**

*OW2109222493 Beijing XINHUA in English 2152  
GMT 21 Sep 93*

[Text] Moscow, September 21 (XINHUA)—The Russian parliament named Vice-President Aleksandr Rutskoy acting president on Tuesday [21 September] night right after President Boris Yeltsin's announcement of the dissolution of parliament and election of a two-chamber legislature on December 11-12.

Parliament Chairman Ruslan Khasbulatov, the main opponent of Yeltsin, called on soldiers and police to ignore any orders from President Yeltsin and trade unions to go on strike to thwart President Yeltsin's plans to dissolve parliament.

He said at a news conference "I appeal to trade unions to launch immediate strikes."

The chairman also appealed to world parliaments for support against President Boris Yeltsin's decree dissolving the Russian legislature.

"I appeal to all parliaments of the world to raise their voices to protect the young Russian democracy," he told the news conference after Yeltsin's televised address.

#### **Defense Ministry 'Neutral'**

OW2109222393 Beijing XINHUA in English 2204  
GMT 21 Sep 93

[Text] Moscow, September 22 (XINHUA)—A Russian Defence Ministry spokesman said today that Russia's armed forces will remain neutral in the conflict between President Boris Yeltsin and the parliament.

According to the ITAR-TASS News Agency, the armed forces would obey the Constitution and maintain "strict neutrality."

#### **Yeltsin Appeals to World**

OW2109230593 Beijing XINHUA in English 2223  
GMT 21 Sep 93

[Text] Moscow, September 22 (XINHUA)—Russian President Boris Yeltsin Tuesday [21 September] called on foreign leaders and people for support after announcing the dissolution of parliament and new elections.

"I appeal to the leaders and people of foreign states, to our friends abroad—there are lots of them around the world—your support is important for Russia," he said in his televised address.

Meanwhile, Russian parliament Chairman Ruslan Khasbulatov also appealed to world parliaments Tuesday for support against president Yeltsin's decree dissolving the Russian legislature.

Both U.S. President Bill Clinton and British Prime Minister John Major have openly declared their support for Yeltsin's new move Tuesday night.

#### **Gorbachev May Return From Rome**

OW2109230693 Beijing XINHUA in English 2234  
GMT 21 Sep 93

[Text] Rome, September 21 (XINHUA)—Former Soviet leader Mikhail Gorbachev said today that he may cut short his Italian visit and back to Moscow amid the political upheaval after Russian President Boris Yeltsin announced the dissolution of parliament.

The ANSA News Agency quoted Gorbachev as saying, "if a state of emergency is declared, it is my duty to return to Moscow."

According to reports from Moscow, rumors circulated in the Russian parliament that Yeltsin would appear on television at 6 P.M. (1400 GMT) to announce a state of emergency. But the time passed with no broadcast.

#### **'Roundup' on Yeltsin Move To Dissolve Parliament**

OW2209013193 Beijing XINHUA in English 0037  
GMT 22 Sep 93

[Unattributed "Roundup"]

[Text] Moscow, September 22 (XINHUA)—Russia's Constitutional Court ruled early today that President Boris Yeltsin's announcement of the dissolution of parliament violated the Constitution and he could be impeached.

The ruling was made in an emergency court session overnight.

Court Chairman Valery Zorkin said that the court has reached the conclusion: "the presidential decree and his statement do not correspond with the constitution and are the basis for impeaching the president."

On Tuesday [21 September], Yeltsin announced the dissolution of parliament and election of a two chamber legislature on December 11-22. Right after Yeltsin's announcement, the parliament named Vice-President Aleksandr Rutskoy acting president.

Of the Supreme Soviet legislature's 248 members, about 150 deputies participated in the votes to oust Yeltsin and replace him with Rutskoy.

Rutskoy's first decree nullified Yeltsin's action and ordered all government leaders to obey him and the parliament.

But Prime Minister Viktor Chernomyrdin told reporters the cabinet, including the heads of the defense, interior and security ministries, supported President Yeltsin.

Parliament Chairman Ruslan Khasbulatov, the main opponent of Yeltsin, called on soldiers and police to ignore any orders from President Yeltsin and trade unions to go on strike to thwart President Yeltsin's plans to dissolve parliament.

"Do not fulfill any illegal decrees coming from the president," Khasbulatov said. "these decrees are considered invalid."

Yeltsin also called on foreign leaders and people for support after announcing the dissolution of parliament and new elections.

"I appeal to the leaders and people of foreign states, to our friends abroad—there are lots of them around the world—your support is important for Russia," he said in his televised address.

Both U.S. President Bill Clinton and British Prime Minister John Major have openly declared their support for Yeltsin's new move Tuesday night.

Thirty-five military trucks loaded with soldiers and policemen were parked near Russia's central bank late Tuesday.

But a defense ministry official said that the Russia's armed forces would only abide by the constitution and laws and would remain politically neutral.

Earlier today, lawmakers voted to oust the security and defense ministers and replace them with Rutskoy appointees.

The Russian constitution does not specifically give the president authority to dissolve parliament or call elections. But Yeltsin said that as president he has the authority to take actions not specifically barred by the constitution.

Yeltsin said that he was merely amending the Constitution with Tuesday's decree.

#### **Rutskoy Names Interior Minister**

*OW2209035893 Beijing XINHUA in English 0211 GMT 22 Sep 93*

[Text] Moscow, September 22 (XINHUA)—Russian Vice President Aleksandr Rutskoy, appointed by the parliament as acting president, today replaced Interior Minister Viktor Yerin with Andrey Dunayev, a former deputy interior minister ousted by President Boris Yeltsin earlier this year.

Rutskoy announced the replacement in a decree.

Earlier the Russian parliament voted to replace the heads of the defense and security ministries.

President Yeltsin announced the dissolution of parliament and new elections Tuesday [21 September].

But right after the Yeltsin announcement, the parliament appointed and swore in Rutskoy as acting president.

#### **Grachev on Defense Ministry**

*OW2209125793 Beijing XINHUA in English 1247 GMT 22 Sep 93*

[Text] Moscow, September 22 (XINHUA)—Russian Defense Minister Pavel Grachev announced here today that "the leadership of the Defense Ministry are reluctant to submit to the parliament which has been dissolved under the presidential decree".

The Russian parliament on Monday [20 September] evening believed that President Boris Yeltsin's move to dissolve the parliament was "a state coup."

It has decided to let Vice-President Aleksandr Rutskoy take over as the president of Russia, while appointing Col. Gen. Vladislav Achalov to replace Grachev as the defense minister.

Grachev told reporters that Achalov had ordered some troops and military colleges to carry weapons on duty to safeguard the parliament building, but all troops remained quiet.

It is reported that no large-scale troops manoeuvres were seen around the streets of Moscow.

Yeltsin's press secretary said today that the president is to issue orders to dismiss Achalov and former Security Minister Nikolay Galushko, who turned to the parliament, from the armed forces.

He also said that Yeltsin would make a series of important personnel changes.

#### **Northeast Asia**

##### **Envoy 'Strongly' Warns Tokyo on Taiwan Ties**

*OW2109114593 Tokyo KYODO in English 1121 GMT 21 Sep 93*

[Text] Tokyo, Sept. 21 KYODO—China's ambassador to Japan on Tuesday [21 September] strongly warned Tokyo against upgrading contacts with Beijing's rival regime on Taiwan, let alone inviting Taiwanese President Li Teng-hui to Japan.

Speaking at a Tokyo hotel, Ambassador Xu Dunxin said a visit by Taiwan's head of state would "become a big political problem in Japan-China relations ... We strongly oppose Japan, which has diplomatic relations with China, having official contacts (with Taiwan)." Xu said, reiterating Beijing's one-China policy.

Japan switched diplomatic relations from Taipei to Beijing in 1972 and has since then virtually banned official contacts in order to avoid upsetting Beijing which considers Taiwan as a renegade province.

Xu's remarks were seen as a response to recent remarks by Shinseito (Japan Renewal Party) co-leader Ichiro Ozawa challenging this decades-long practice. "If he (Taiwan's Li) says he wants to come, he will be welcome," Ozawa said in indicating his support for high-level contacts.

Taiwanese politicians eager to improve the island's international standing in the absence of diplomatic ties, have long reproached Tokyo for paying too much attention to Chinese sensibilities and have urged cabinet-level visits to Taiwan.

While voicing no objection to private, economic and cultural exchange between Japan and Taiwan, Xu balked at political contacts.

"If President Li comes to Japan, regardless of the circumstances, this will not be of advantage to China-Japan relations."

Xu dismissed U.S. criticism of Beijing's bid for the Olympic Games in 2000 as "interference in domestic affairs," and said China opposes the U.S. "forcing its ideas on its partner countries."

On July 26 the U.S. House of Representatives adopted a resolution opposing Beijing's Olympic bid, citing its poor human rights record.

Nevertheless, Xu showed a conciliatory stance, saying that China "wants to support, to develop ties (with the U.S.) in

a spirit that emphasizes the overall common interest despite remaining differences."

Commenting on rising international concern about China's military buildup, Xu said his country's armament represented the minimum necessary to guarantee national defense.

He reaffirmed that China does not seek hegemony in Asia and considers maintaining friendly relations with Japan as its duty in the region.

### Near East & South Asia

#### **PLO Leader Yasir 'Arafat Arrives in Beijing**

OW2209025693 Beijing XINHUA in English 0218  
GMT 22 Sep 93

[Text] Beijing, September 22 (XINHUA)—President Yasir 'Arafat of Palestine arrived here this morning for a three-day official goodwill visit, at the invitation of Chinese President Jiang Zemin.

'Arafat and his party were greeted at the airport by Minister of Supervision Cao Qingze, who is chairman of the Chinese Government Reception Committee, and Vice Foreign Minister Yang Fuchang.

Later today, President Jiang Zemin is expected to preside over a banquet as well as a ceremony to welcome 'Arafat and hold talks with him.

#### **Qian Qichen Receives Sudanese Official**

OW2109133793 Beijing XINHUA in English 1259  
GMT 21 Sep 93

[Text] Beijing, September 21 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen received visiting Sudanese Deputy Minister of Foreign Affairs 'Umar Yusuf Birido and his party here at the Diaoyutai State Guesthouse this afternoon.

The two sides exchanged views on bilateral relations and international issues of common concern.

According to an official from the Chinese Foreign Ministry, Qian and Birido expressed satisfaction with the continued development of bilateral relations and hoped that friendly cooperation between the two countries would be further strengthened.

Qian said that the world has been developing in a multipolarized direction since the end of the Cold War, adding that the many developing countries should have their rightful position in the world structure.

He said that all the nations are equal members of the world community and a new international political and economic order should be set up on the basis of the Five Principles of Peaceful Co-existence.

Qian stressed that China opposes hegemonism, power politics and issuing orders to other countries, as well as interfering in other nations' internal affairs on any pretence.

Birido came to China on September 20 at the invitation of the Chinese Foreign Ministry. Chinese Vice-Foreign Minister Yang Fuchang held talks with him yesterday.

#### **Nepalese Rulers Leave Beijing for Xian 22 Sep**

OW2209092693 Beijing XINHUA in English 0857  
GMT 22 Sep 93

[Text] Beijing, September 22 (XINHUA)—Nepalese King Birendra Bir Bikram Shah Dev and Queen Aishwarya and their entourage left here for a tour of Xian by special plane this afternoon.

Li Boyong, chairman of the Chinese Government Reception Committee and minister of labor, is accompanying the royal couple on the visit.

#### **'News Analysis' on Pakistani Coalition Proposal**

OW2109145393 Beijing XINHUA in English 1423  
GMT 21 Sep 93

["News analysis" by Hu Xiaoming: "Will Two Tracks Meet?"]

[Text] Islamabad, September 21 (XINHUA)—Pakistan caretaker Prime Minister Moin Qureshi has suggested that Benazir Bhutto and Nawaz Sharif, the two arch rivals, should form a coalition government in the larger interest of the nation.

In a chat with a group of local editors here Saturday [18 September], Moin said it was in the interest of the country that the contending parties should forget campaign bitterness and work together for a stable and strong government able to complete its five-year full term.

Moin's suggestion has intrigued many observers while evoking a mixed response from the contending parties.

Shehbaz Sharif, brother of Pakistan Muslim League President (PML) Nawaz Sharif, said PML respected Moin's thinking but considered it premature. Much would depend on the outcome of the polls, he said.

Responding to the suggestion, Ejaz al-Haq, an important member in Nawaz's camp and son of late President General Zia al-Haq, questioned Moin's credentials of proposing a coalition.

It is obvious that both Benazir and Moin have panicked from massive demonstration of Nawaz's popularity and are finding ways to wriggle out of the elections, al-Haq, the inveterate enemy of Benazir, noted.

Meanwhile, Kamal Azfar, a spokesman of Pakistan People's Party (PPP) led by Benazir Bhutto, said both Benazir and Nawaz were arch foes and could not have reconciliation.

While the manifestos for the forthcoming elections are more or less the same—both stand for market economy and liberalization, the two political leaders are sparing no effort in throwing mud at each other in the current election campaign.

The tigers (election symbol of PML) will chase all the jackals away, said Nawaz at one rally. The arrow (symbol of PPP) will pierce the heart of the paper tiger, replied Benazir at another rally.

Such mudslinging between the two main power contenders have been at each other's throats since 1988. [sentence as received]

Nawaz sided with former President Ghulam Ishaq Khan in 1990 to oust Benazir while Benazir did the same early this year leading to the 1993 polls.

While the two major parties are claiming landslide victory in the elections on October 6 and 9, analysts here insisted that though PPP May have an edge over PML, it is doubtful that any party can win clear majority to form its own government.

Moin's suggestion depicted the post-election scenario as a hung parliament and reflected the army's desire to form a national government of consensus, observers said.

Of the many dreams of the future of Pakistan that Moin Qureshi has, the least likely to materialize is a coalition government of Nawaz Sharif and Benazir Bhutto, an editorial of local English daily "THE NATION" commented.

In politics, however, nothing is impossible, the editorial acknowledged.

### West Europe

#### Spokesman on Opposition to French Arms Sale to Taiwan

HK2209105193 Hong Kong AFP in English 0825 GMT 22 Sept 93

[Text] Beijing, Sept 22 (AFP)—China reiterated its opposition to arms sales to Taiwan Wednesday, following reports of a fresh armaments deal between the Nationalist island and France.

"China's position on the Taiwan issue, especially on arms sales, is a clear and consistent one," a Foreign Ministry spokesman said. "We are strongly opposed to any sale of weapons and military equipment to Taiwan by a country which has diplomatic ties with China."

The spokesman made no direct reference to France which was reported in Taiwan newspapers Tuesday to have agreed to sell the short-range Crotale naval missile system to Taiwan for Lafayette frigates the island has ordered from Paris. France sold Taiwan six frigates in 1991 and 60 Mirage 2000-5 fighter jets last year.

#### Rong Yiren Visits Spain's Vice Prime Minister

OW2109163493 Beijing XINHUA in English 1620 GMT 21 Sep 93

[Text] Madrid, September 20 (XINHUA)—Spanish Vice-Prime Minister Narcis Serra today welcomed visiting Chinese Vice-President Rong Yiren, saying that although their countries' diplomatic ties were not very long, there

had been great success in narrowing the gap between them and stepping up cooperation.

China had now become an important economic partner of Spain, he said at a banquet in honor of the Chinese distinguished guest.

Rong replied that as soon as he had touched the land of Spain, he had experienced the friendly feeling of the Spanish towards the Chinese people.

The Chinese vice-president said that the meetings held between him and Spanish Prime Minister Felipe Gonzalez, and Vice-Prime Minister Serra indicate that the two sides were willing to further develop bilateral relations.

Cooperation on the basis of mutual benefit between China and Spain is conducive to world peace and development, Rong said.

The two sides had common or similar views on major international issues, Rong added.

In addition, Spanish King Juan Carlos today met with Rong in his palace and the two held cordial talks.

Rong also respectively met with Spanish President of the Senate Juan Jose Laborda today and President of the Congress Deputies Felix Pons yesterday.

Rong flew here on Sunday [19 September] from Spain's southern city of Seville for an official visit.

#### Wu Yi Visits Germany, Addresses Trade Meeting

OW2109041493 Beijing XINHUA in English 0354 GMT 21 Sep 93

[Text] Hamburg, September 20 (XINHUA)—Visiting Chinese Minister for Foreign Trade and Economic Cooperation Wu Yi said here today that growth of Sino-German trade and economic cooperation would be beneficial to both nations.

Such development under the principle of equality and mutual benefit was the demand of a stable growth of the bilateral relations, Wu told a gathering jointly organized by the East-Asian Society and the Hamburg Chamber of Commerce.

Briefing the gathering on China's economic situation, Wu noted that the situation was fairly good. Based on last year's high increase, the country achieved another 14.1-percent growth in the first half of this year with a stable balance between supply and consumption.

On China's foreign trade, the minister said that since 1979, the country has made rapid growth in the field, which reached 165.6 billion U.S. dollars in 1992 with an average annual increase of 13.9 percent.

With the improvement of the investment environment, foreign investment has also been increased significantly, she added. Since 1979, 133,000 foreign investment projects have been approved and the actual investment amounted to 43.75 billion dollars.

On China's foreign trade policy, she said the basic policy is to stimulate export and import, keeping an overall balance.

The minister stated that there is no trade protectionism in China.

Wu was satisfied with the growing trade ties between China and Germany. But she hoped the Sino-Federal German Mixed Committee for Economic Cooperation would further push the relations to a new high.

She urged the German Government to remove the limitations on the transfer of German technology to China so as to support German enterprises in their bid for China's projects and get the European Community remove its trade restrictions on developing nations.

She also hoped the German Government would urge the EC Commission to support China in restoring its membership in the General Agreement on Tariffs and Trade.

Wu arrived in Hamburg on Friday [September 17]. She will chair the eighth meeting of the Sino-Federal German Mixed Committee for Economic Cooperation and attend activities of the Sino-German Economic Day to be held this week in Leipzig.

### Meets Helmut Kohl

OW2209033793 Beijing XINHUA in English 0214  
GMT 22 Sep 93

[Text] Bonn, September 21 (XINHUA)—German Chancellor Kohl today expressed his appreciation of China's support for German reunification when he met with a visiting Chinese minister.

Kohl told Wu Yi, Chinese minister for foreign trade and economic cooperation, that he had not forgot China's sincere support for his nation's reunification.

The Chinese minister also expressed China's appreciation of Germany's pursuance of one-China policy.

The two sides exchanged views on the growth of the two nations' friendly relations, particularly trade and economic cooperation.

Wu arrived in Hamburg on Friday [17 September] to start her visit to Germany during which she will chair the eighth meeting of the Sino-Federal German Mixed Committee for Economic Cooperation and attend activities of the Sino-German Economic Day to be held this week in Leipzig.

### General

#### Beijing Orders Citizens To Stay Inside for IOC Decision

HK2209105993 Hong Kong AFP in English 1039 GMT 22 Sept 93

[Text] Beijing, Sept 22 (AFP)—Authorities in Beijing Wednesday told state employees to stay indoors for the International Olympic Committee [IOC] decision on which city will host the 2000 Olympic Games.

The Foreign Enterprises Service Corp., which provides staff to foreign enterprises in Beijing, told their employees to obey the directive "no matter what the decision is on Beijing's bid."

The Services Bureau, which supplies employees for foreign journalists and diplomats, warned its workers to do the same, and that they could not count on the organization if they were "detained for questioning at Tiananmen Square."

During political meetings organized at some universities, teachers encouraged their students to watch the broadcast from Monaco on the selection between Beijing, Berlin, Istanbul, Manchester and Sydney at home and avoid the streets. The announcement on the winning city will be made at 0220 Beijing time.

#### Police Reportedly on Alert

HK2209061693 Hong Kong MING PAO in Chinese 22 Sep 93 p 16

[Text] A reliable source has disclosed that the police across China will be on alert on 23 September (or, to be precise, in the small hours of 24 September, Beijing time), in anticipation of possible unrest bursting out among the public should China's Olympics bid fail. But, according to an analysis by the Chinese Ministry of Public Security, there is little possibility that nationwide turmoil will break out if Beijing's Olympics bid fails. Even local turmoil will be unlikely to burst out.

The source concerned revealed that the Beijing police had called a series of meetings over the past few days to assign tasks to maintain order on 23 September. The meetings have particularly conveyed from the higher leadership an instruction to the Beijing police to restrain from taking any strong means in maintaining order on 23 September with relation to the 2000 Olympics bid. The instruction said the police's main task is to try their best to persuade the excited public and to maintain good social order after the result of the vote is revealed.

Although the Beijing police will not resort to such means as arrest to maintain social order, they will be on full alert on 23 September. In particular they will monitor some essential departments and busy streets, but will not take the initiative in intervening in public activities. A police source said: if Beijing wins the 2000 Olympics bid, everybody will be wild with joy. Then it will be quite natural for people, young people in particular, to join spontaneous celebrations, and the police will be very happy as well. So

long as there is no transgression, the police will calmly perform their duties in maintaining order, and will take no further action while keeping alert. If Beijing fails in the 2000 Olympics bid, one may expect how the public will feel about it and should show understanding of their reaction. In such a case, the police will be on high alert against any possible turmoil started by some furious members of the public.

The police source also said the police have already sensed signs of a tendency of stirring up trouble under the pretext of unfavorable outcome of the Olympics bid. Some Beijing municipal government organs, some central government offices in Beijing, and local neighborhood organizations in particular have been requested to play a part in pacifying the public. Internal circulars have urged Beijing people not to overreact to the outcome of the bid, or to gather and stay in the streets looking on if some people really "start up trouble."

Now Beijing has made preparations for both possibilities—success or failure. They are "keeping up enthusiasm abroad while maintaining moderate enthusiasm at home." In other words, they are doing their best to fight for the bid in Monte Carlo, while maintaining in Beijing a moderate profile, neither too enthusiastic nor too indifferent. The authorities, on the one hand, have selected BEIJING WANBAO to carry some "letters from readers" to advise the public to view the Olympic bid with a "usual mind"; on the other hand, they have adopted a suggestion by the XINHUA NEWS AGENCY that no official media should publish any articles predicting the outcome of the Olympics bid. At the same time, this year they have advanced by one week coverage of preparations for National Day celebrations, with a view to distracting the public's interest in the Beijing Olympics bid. But they will still be keeping an eye on the Olympics bid, quietly awaiting the outcome.

The authorities have instructed all the major news media not to blame the Beijing Olympics Bid Committee nor to criticize the International Olympic Committee and the bid winner should Beijing fail in the bid. No official newspapers will publish articles to analyze Beijing's failure in the Olympics bid and to explain to the public. But RENMIN RIBAO will publish an editorial entitled "Boost Morale Rather Than Let It Be Dampened."

At the moment, reports on the Beijing Olympics bid delegation's activities are occupying a prominent space in newspapers in China and remain a hot topic of talk among the public. However, high-level departments in charge of propaganda keep urging the mass media to treat reports on Beijing's Olympics bid as "general" items and take a "moderate tone," but not to overly play up the event.

It is said that if Beijing fails in the Olympics bid, the Beijing Olympics bid delegation head, Chen Xitong, will congratulate the winner by shaking hands, in a polite and easy manner, with his counterpart from the city winning the bid. He Zhenliang, chairman of the Chinese Olympic Committee, and Zhang Baifa will also deliver speeches, the content of which has already been worked out in advance.

most likely to reiterate China's continuous support for the International Olympic Committee.

### **Authorities Ease Conditions for Zhao, Former Associates**

HK2209050393 Hong Kong SOUTH CHINA MORNING POST in English 22 Sep 93 p 9

[Report by Willy Wo-lap Lam]

[Text] Beijing authorities have eased up slightly on their surveillance of former party chief Zhao Ziyang. Chinese sources said yesterday that, while the liberal leader's prospects of a political comeback were low, he remained a "beacon" for the party's liberal elements. In addition, they said, members of Mr Zhao's family were acting as a conduit between him and the outside world. "It's mainly Zhao's children and relatives, who pass along his messages to his old friends and underlings", an informed source said. "Zhao is very cautious in his comments about political or economic issues. He is no longer given party documents to read, but he has access to Hong Kong and foreign newspapers."

The sources said Mr Zhao had, since early this year, been given permission to visit a number of cities outside Beijing, though not all of his requests had been granted. His latest trip out Beijing, where he and his wife live in a well-guarded compound, is believed to have been in the summer, when he spent a few days in the nearby resort of Chengde. [sentence as published]

A friend of the family said, despite reports about his heart ailment, Mr Zhao, 74, enjoyed good health. The friend also said that, if the political situation in Beijing changed radically, it "would not be too difficult" for Mr Zhao to regroup some of his old followers.

Sources in the dissident community said the jail conditions for Bao Tong, a Zhao aide serving a seven-year term, had improved slightly due partly to repeated protests from his family. There is even talk of the authorities considering parole for Bao on medical grounds next spring when the debate over China's Most Favoured Nation status is expected to hot up again in the United States. A former secretary to Mr Zhao, Bao, 60, headed the Central Committee's Research Office for the Reform of the Political Structure.

Meanwhile, friends of released dissident Wu Jiaxiang, a protege of both Mr Zhao and Bao and a research office staffer, said his conditions had improved. They said Mr Wu, 38, had secured a sum of money to run his own business. "Wu recently met with Yan Mingfu, a former Zhao aide, who is now Vice-Minister of Civil Affairs", a source said. Mr Yan, a former member of the Central Committee Secretariat, who has not been fully rehabilitated, reportedly praised the courage of Mr Wu, who almost committed suicide after his release from jail last year. Mr Wu's colleague at the research office and another Zhao protege, Gao Shan, is also believed to be doing business in the Beijing area.

[The SOUTH CHINA MORNING POST includes the following boxed item under the same headline as the item above: "Judicial authorities in Anhui Province released four members of an underground dissident group on medical parole, United Press International reported yesterday. Dissident community sources said the four, freed on September 8, were members of an underground group affiliated with the "anti-communist organisation" of Liu Jingsheng, once a close comrade of famous dissident Wei Jingsheng. The sources said a group trial of Liu and 15 other Beijing-based activists would proceed next month with the ringleaders expected to receive jail sentences of up to 20 years."]

### **Golf Club Official Counters Report on Zhao**

HK2209034093 Hong Kong AFP in English 0316 GMT 22 Sep 93

[Text] Beijing, Sep 22 (AFP)—Former Chinese communist party chief Zhao Ziyang is no longer honorary president of the China Golf Association, a club official said Wednesday, countering a report from Hong Kong. The source said Zhao had indeed occupied the post from 1986 to 1989 but lost it after he was dismissed following the pro-democracy protests in Tiananmen Square. "Mr. Zhao no longer has any position in the Association and at the moment there is no honorary president," the official said.

Edmund Lee, managing director of the Hong Kong-based International Golf and Yacht Club, was quoted by Hong Kong newspapers as saying Zhao had accepted an invitation to be the club's honorary chairman. Lee said he met 74-year-old Zhao, at the Beijing Golf and Country Club a week ago. He said the former communist party general secretary looked "very happy."

Two pictures of Zhao were released by Lee to newspapers, showing Zhao, white-haired and slim, strolling with a golf club in hand, and another picture showing Zhao reading a certificate of appointment issued by Lee. Lee had also released a statement in Hong Kong quoting Zhao as saying, "I am currently not holding any official appointment except being the honorary chairman of the China Golf Association."

### **Released Dissident Wei Jingsheng's Remarks Noted**

#### **Holds 'No Grudge' Against Deng**

HK2209101093 Hong Kong MING PAO in Chinese 22 Sep 93 p 2

["Special dispatch": "Wei Jingsheng Says He Bears No Grudge Against Deng Xiaoping and Expects To Be Jailed Again in the Future"]

[Text] Pro-democracy activist Wei Jingsheng, who has just spent approximately 14 years in prison, said that he knew he would be in trouble when he and his friends started the Democracy Wall Movement. He said: "You should know that you might be killed for taking part in a democracy movement." Now out of prison, Wei said that he will

continue to write articles and make comments on political issues, adding that he expected to be jailed again in the future.

Recalling what happened when he put up big-character posters and printed underground publications in 1979, Wei maintained that he was completely right in both theory and strategy. It was a pity that he did not maintain extensive contacts with other people due to his own limited ability at that time. As a result, there was probably a lot of misunderstanding between him and the government.

Wei also commented on the rumor that he "had been betrayed" by his friends. He said that his group had held a meeting at which they decided that someone should stand up during his trial to accuse him of having violated the law.

Wei said that, before his arrest, his group held a meeting at which they decided that Wei himself would voluntarily shoulder all the responsibilities. This is because having one person jailed or killed is better than having all those involved meet the same fate.

Wei used "while there is life, there is hope" to describe their decision.

Wei Jingsheng returned home and was reunited with his family the day before yesterday. Yesterday morning, he received reporters at home and answered their questions. Wei said: "Having a chat with friends does not constitute a violation of my parole terms."

After being isolated from the outside world for so many years, Wei Jingsheng remains full of enthusiasm for promoting democracy in China. He was also optimistic about the prospects for China's democracy movement, saying that democracy has become an international trend.

Wei noted that it is wrong to believe that China's economic development should precede its democratic development. Wei contended that the economy is just one element of the social system. It is absolutely impossible to have a developed economy under a backward social system. Politics is in fact a component of the economy.

When asked whether the development of democracy in China will result in a scenario similar to that seen in the Soviet Union and East Europe, Wei said that such a scenario is not necessarily the only possible outcome. He maintained that the best way to develop democracy in China is to implement democracy without any upheavals. This requires cooperation and concerted efforts on the part of the government and the people.

Wei stood for gradual democratization. He said: "Democracy should be implemented step by step. Consciousness and efforts on the part of the people are the principal motive force of democratization." He noted: "Since democracy has never been imposed by one country on another, China's democracy can only be realized by the Chinese people. The Chinese Government should contribute to democratization by gradually delegating power to the people." Wei stated: "The CPC has remained

autocratic to this day. Nevertheless, democracy would not be realized even if the CPC were overthrown today. If the CPC were overthrown now, the situation in China could become even more dangerous and autocratic."

When defining the democratic element, Wei Jingsheng pointed out that democracy does not exclude any person or party. In the future, China's democracy is not to be characterized by one party or group of people annihilating another. Otherwise, the old autocracy would only be replaced by a new one rather than by democracy, and the situation in China would become even worse than that of the Soviet Union and the East European countries.

On the question of human rights, Wei Jingsheng accused the authorities of quibbling over and equating the question of human rights to the question of food and clothing. He said that he is not opposed to foreign countries concerning themselves with China's human rights situation, adding that the concern shown by one people for another should not be complicated by racial or political factors.

While he was in prison, Wei Jingsheng tried to keep abreast with social development in China over the past 14-odd years by watching television and reading RENMIN RIBAO and other publications that had been strictly censored by the prison authorities. Wei said that he had seen no major political changes, dismissing political progress over the past 14 years as "too slow."

Wei stated that what he wants to do most at the moment is to buy some books and go out to have a look around Beijing.

Wei revealed that he had led a hard life and staged several hunger strikes in prison to demand that the authorities improve his cell conditions.

Over the past 14 years, due to his solitary confinement, Wei Jingsheng had done little physical exercise. He admitted that he has been in poor health but denied suffering from any mental disorders.

Wei maintained that he was innocent when he was sentenced and he feels no regret for what he has done. He knew the day he began to participate in the democracy movement that he would be punished with a long prison sentence.

When asked how he felt about Deng Xiaoping, who was responsible for tightening policy control, banning big-character posters, and putting him in jail more than 14 years ago, Wei Jingsheng said that he bears no grudge against Deng Xiaoping. He maintained that there is neither love nor hatred to speak of in politics, adding: "No matter how big a contradiction there is between Deng Xiaoping and myself, I will support Deng Xiaoping whenever he does something good. On the other hand, I will oppose those who do bad things even if they are my friends."

When asked whether he will support Deng Xiaoping, who has been honored as the general architect of reform and

opening up, Wei Jingsheng replied: "It is hard to say." Wei said that it is difficult to assess Deng Xiaoping's performance.

Wei added that democracy can only be realized with concerted efforts on the part of and cooperation among all parties concerned. He called on all parties to be tolerant as long as Deng Xiaoping does something correct, adding that only by so doing will it be easier to have a large number of problems in China resolved.

Wei Jingsheng, the mainstay of the 1979 Democracy Wall Movement, learned about the 1989 Democracy Movement through the official media when he was in prison. In his opinion, the Chinese people currently have a strong desire for democracy. Although the Chinese people are more progressive now than in 1979, there are still a host of obstacles ahead.

Wei declined to predict when and in what form the next democracy movement, following the 1979 and 1989 democracy movements, will take place in China. Speaking of China's democracy development in the next decade, Wei said that he hopes to see a more democratic and prosperous China and the Chinese people living a prosperous life.

After spending 14 years in jail, Wei Jingsheng vowed to continue to participate in pro-democracy and human rights activities. However, he said that he needs to work out the specific steps that he will take. He could say that he will no longer participate in those activities that have been officially declared illegal, such as putting up big-character posters.

Wei Jingsheng plans to sort and publish the letters he wrote when he was in prison. Due to the strict restrictions placed on his correspondence with the outside world when he was in prison, he addressed all his mail to the Chinese leaders, in which he offered his advice and views on all sorts of issues. On the other hand, Wei also planned to rehabilitate himself through legal procedures.

While he was in jail, he staged hunger strikes on several occasions, demanding that he be given a lawyer who could help have him rehabilitated. His request was turned down. The prison authorities did, however, accede to another one of his requests by slightly improving his cell conditions.

Wei said that he also plans to read some books and meet some friends, including some pro-democracy activists at home and abroad, if possible in the future.

He expressed his thanks to all the friends who have campaigned for his release. He also expressed the hope that he would be able to go to Hong Kong and Taiwan to have a look at those places some day.

Wei Jingsheng and his younger brother went out to buy books and clothes after lunch yesterday; however, they were still followed by a number of plainclothes policemen.

### Sees Democracy Advance 'Despite' CPC

HK2209051693 Hong Kong THE STANDARD in English 22 Sep 93 p 7

[Report by Agnes Cheung]

[Text] China's most prominent dissident Wei Jingsheng anticipates that the country's democracy will advance despite the fact that the Communist Party of China (CPC) will not relinquish power. Wei warned, however, of the emergence of a new dictatorship if the CPC regime was overthrown.

Interviewed by The Standard yesterday, Wei said democracy should allow the existence of various political ideas and added that the development of democracy in China would depend on its peoples' long-term struggle for the cause, together with concessions and reforms by the ruling government. He said Hongkong and Macau should also become involved in the struggle.

Wei said China's political advancement had been too slow and that not much had changed in the past 14 years. Despite this, he had not lost confidence in the democracy movement. "I am optimistic because this is a trend, a current trend in the world. The situation now is much different from that of 1979." He said there was a strong desire for democracy among the ordinary people in China. He also said that he disagreed with the current notion that economic growth should come before political development.

Wei rejected the concept that democracy brought chaos and disorder. "I think the so-called turmoil in these 10 odd years is the result of a suppression of democracy and a suppression of human rights." The turmoil in China was a result of the unreasonable political system rather than a result of democracy.

Asked about his feelings towards Deng Xiaoping who ordered his arrest and who was now an advocate of reform and openness, Wei said that in politics there was no such thing as love and hatred. "My attitude towards him is no matter how many conflicts we have, if he does something good, I will still support him."

He urged Chinese leaders to adopt a more co-operative and tolerant attitude. "If we always have misgivings about each other, or if we can't tolerate others, or everything must be done according to my words, or everything I say is correct, this will be harmful to China's development." Wei warned that China could share the same fate as former communist countries in East Europe or might end up even worse if the Chinese leaders adopted a narrow-minded and suspicious attitude.

As for his future plans, Wei said one of them would be to publish his advice to the Chinese leaders written during his years in captivity. Wei continues to maintain that he was right and has no regrets about what he did. He would make legal demands for rehabilitation and said he was wrongly convicted from both political and legal viewpoints.

**Urges Joint Efforts Toward Democracy***HK2209050593 Hong Kong SOUTH CHINA  
MORNING POST in English 22 Sep 93 p 9*

[Report by Daniel Kwan]

[Text] Democracy fighter Wei Jingsheng yesterday called on mainland activists to put aside their differences and work for an early realisation of democracy in China. At his parents' Beijing home yesterday, Mr Wei made clear that he had not abandoned his political ideals, despite a 14 1/2-year ordeal in jails. "Things would be much easier if we can co-operate and tolerate each other," he said. "But if our attitude is hostile and suspicious, then things will become very difficult for China."

Mr Wei said democracy could be realised through peaceful and non-violent means and sharing of power with the communist authorities. However, he said it was "a risky business" to be a democracy fighter in an autocratic China. "As I told my friends in the Democracy Wall movement (in 1979), you might have your heads chopped off to take part in the democracy movement," he said.

Mr Wei was granted parole last week and returned to his parents' home only on Monday night. Scores of plain-clothes policemen could be seen near Mr Wei's home yesterday. They followed him when he went shopping.

Mr Wei, 43, criticised the communist regime but admitted that he needed more time to familiarise himself with new situations. For example, he rejected claims by Chinese leaders that the right to food and shelter should have priority over basic human rights such as freedom of speech. He said the Chinese authorities could not justify their poor human rights record by saying they had provided enough to feed the people. "Human rights and the right of existence are two different questions," he said. "Although both are issues that concern people. On the other hand, in this society ... people are concerned about many issues. But you can't say that because people are concerned about these issues (like food and accommodation) therefore these issues are (as important as) human rights," he said.

Mr Wei who lost all but 12 of his teeth during his imprisonment, criticised the "inhumane" conditions of Chinese prisons, saying they were so poor that the prisoners could barely survive. He said that he had to fight for improvements by hunger-striking. Conditions began to improve only to a bare survival level in the past year.

**Wife of Dissident Wang Juntao Leaves Hong Kong***HK2209051293 Hong Kong THE STANDARD in  
English 22 Sep 93 p 7*

[Report by M. Y. Sung]

[Text] The wife of one of China's imprisoned political dissidents has left Hong Kong vowing to fight for her

husband's release but promises not to join any pro-democracy movement overseas. Before she left, Hou Xiaotian said she would not contact overseas groups pushing for democratic reform in China.

Hou has started her trip to the United States and Europe following the controversy surrounding the case of Chinese dissident Han Dongfang who was expelled from China five weeks ago for alleged overseas pro-democracy activities. Hou's husband, Wang Juntao, is serving a 13-year sentence for alleged counterrevolutionary activities related to the 1989 prodemocracy movement in China. Han was also imprisoned for his role in the 1989 democracy demonstrations. Last week, China released its longest-serving political dissident, Wei Jingsheng, six months early.

Hou said she would appeal to foreign governments to put pressure on China to release her husband, who is reported to be in poor health. "If I stay in China, all I can do is visit my husband once a month," Hou said. "I would rather go overseas to seek assistance for my husband's early release, so I can see him every day at home in the future."

Despite international opposition to Beijing's Olympic bid because of China's human rights record, Hou supported her country's bid to host the 2000 Olympic Games. "It is not appropriate for Western countries to connect China's human rights record to its Olympic bid," she said. Hou will visit her parents and sister in Denmark and friends in Sweden before going to the US for six months as a visiting scholar.

**Comments on Olympic Bid, Rights***HK2209050793 Hong Kong SOUTH CHINA  
MORNING POST in English 22 Sep 93 p 9*

[Report by Debbie Chu]

[Text] The wife of a prominent Chinese dissident has warned that human rights in China will suffer a setback if Beijing fails to win the right to host the 2000 Olympics. Speaking just before her departure from Hong Kong for Copenhagen yesterday, Hou Xiaotian said that although China appeared to have adopted a more flexible attitude recently, such improvements could go down the drain if Beijing failed in its Olympic bid.

"If it fails to host the 2000 Olympics, China's human rights conditions will go backwards in a short period of time," warned Ms Hou, whose husband Wang Juntao is serving a 13-year sentence in a Beijing prison hospital. Ms Hou also reiterated her belief that her husband was unlikely to be freed in the near future. She pointed out that human rights in China remained poor and it was important for Western governments to keep up pressure on Beijing to improve the situation. "I think (Wang will be released) when China faces another round of international pressure," she said.

**Article Ponders Release of Dissidents, 'Relaxed' Air***HK2209053293 Hong Kong SOUTH CHINA  
MORNING POST in English 22 Sep 93 p 23*

[Article by Willy Wo-lap Lam: "The Serpents Strike Back"]

[Text] The new, relaxed China has seen the re-emergence of prominent dissidents. But it may only be the repeat of a cynical cycle, as Willy Wo-lap Lam reports.

One is seized by a sense of an ending. To use the Chairman's [Mao's] inimitable shorthand, the snakes are out of their pits. The cow ghosts and serpent gods are stalking the streets. In one guise or another, such icons of bourgeois liberalisation as Wei Jingsheng and Zhao Ziyang have made an appearance in the past week. One is reminded of 1957 when a fire-spitting Mao and his young aide, Deng Xiaoping, played the cruel game called "coaxing the pythons out of their caves". Liberal rebels and allied "class enemies" were encouraged to speak out—and to expose their aberrations under the slogan of "letting a hundred flowers bloom". Stern, unmitigated repression ensued. During the Ten Years of Chaos (1966-76), the cow demons and serpent deities "made revolution"—and Mao brought in the army to restore order. Then came the Democracy Wall movement of the late 1970s, when, after firebrands like Mr Wei helped Mr Deng topple the "whateverist" Maoists, they were slapped with jail terms of up to 15 years. The cynical—and very vicious—cycle repeated itself, climaxing in the hail of bullets over Tiananmen Square in 1989.

With the patriarch pushing 90—and Olympics 2000 would be seen as the crowning achievement of his 15-year reign—Chinese history is going through another serpentine twist. The reptiles that have temporarily been let out of their cages—Mr Wei, Mr Zhao, former People's Daily editor Wu Xuecan, and others—have been programmed to say the right things, such as those that have been heard about the Olympic bid. And while both Mr Wei and Mr Wu have made soul-stirring commitments to rehoist the torch of the democracy movement, the authorities do not seem unduly disturbed.

In a major statement last Sunday, party and military chief Jiang Zemin told a gathering of People's Armed Police (PAP) officers to give their all to "the struggle to safeguard social stability". Unprecedentedly large-scale trials of dissidents are scheduled for the rest of the year. However, strong evidence is there that, this time around, the apparition of the bourgeois-liberal demons and demigods might presage the crumbling of the communist monolith as we have known it since 1949. The mass movement the leadership has whipped up in the run-up to Monte Carlo where IOC's decision would be made could arguably be the last time that the Communist state could put its act together—and assemble the facade of a strong Centre shepherding the people towards its chosen path of glory. The year 1993 may be remembered as the beginning of the end of the 44-year-old, near-omnipotent, state machinery.

In an internal paper obtained by a Western news agency on Monday, Wang Shaoguang and Hu Angang, both Yale-educated economists, conjure up the nightmarish vision of a "Yugoslavian-style" dissolution of the state after Mr Deng's departure. The atrophy of the Centre is most evident where it hurts most, in the national pocket. Mr Wang and Mr Hu predict that by the year 2000, the central

coffers' share of national income could decline to 11.3 per cent, or one-third that of 1978, when Mr Deng came to power. The two scholars also cite the familiar scenario of regional warlords rending asunder the fabric of a unified state.

That Vice-Premier Zhu Rongji has to water down his retrenchment programme best testifies to the extent to which local cadres and entrepreneurs have made a mockery of Beijing's edicts. Somewhat tongue in cheek, Shanghai mayor Huang Ju told a group of Western businessmen on Monday he "welcomed" the austerity programme because "the Centre's measures to boost macro-level adjustments and controls are beneficial to Shanghai's development". Mr Huang, of course, would not divulge how, in early summer, his metropolis had bitterly—and successfully—resisted Beijing's demand for billions of yuan of emergency cash contributions.

Another factor behind Beijing's fast-shrinking influence is the growth of the non-state-sector, which will soon displace the "wholly people's owned sector" as the mainstay of the economy. Production of the semiprivate village and township enterprises in 1993 is estimated to account for 40 per cent of the gross national product. Last year, the number of privately-owned business units, their employees and registered capital jumped respectively by 28.8 per cent, 26 per cent and 79 per cent.

Beijing is taking drastic steps to redress the balance. For example, a new tax law is being promulgated which will guarantee the national treasury a sizeable cut of all taxes and levies. However, the cracks in the state's armour are bursting open. This is despite the fact that many within the top echelon still believe the Centre's will will always be done. At the start of the austerity programme in late June Mr Deng reportedly instructed that "basic results must be achieved within three months, and a rationalised economic structure put into place in six months". When Mr Jiang kicked off the anti-corruption campaign early last month, he pledged that hundreds of "tigers", or big-time offenders, would be nailed by the end of October. We know what has happened to the austerity programme. The anti-graft crusade seems destined for a similar fate, as it has become apparent that neither cadres with ministerial-level ranks or above, nor the offspring of party elders, would be touched. With these difficult tasks partially grounded because of the Centre's dwindling authority, Mr Deng and Co are looking to longer-haul goals such as the Olympics or Hong Kong, as evidenced by Deng Rong's recent restatement of her father's wish to come to the territory in 1997, "if only for a minute, and if need be, in a wheelchair".

However, cow ghosts and serpent gods like Mr Wei and Mr Zhao will almost certainly take advantage of the depletion of state authority to hasten the course of China's "peaceful evolution". When, in his talk to PAP officers, Mr Jiang again underscored the imperative of the party's "absolute leadership over the army", he was exposing the leadership's nerve ends. It is well known that after June 1989, PAP leaders responsible for the Beijing region were disciplined for being "lax and irresolute" towards the student

demonstrators. The next time around, the officers might even join the alliance of dissidents, the liberal wing of the party, the regional warlords and the private entrepreneurs, all of whom see the Centre as a millstone round the neck of progress.

### Shanghai Symposium Marks Deng's Education Directive

OW2109133993 Beijing XINHUA in English 1316 GMT 21 Sep 93

[Text] Shanghai, September 21 (XINHUA)—A symposium on the tenth anniversary of Deng Xiaoping's directive on education opened in Shanghai today.

Ten years ago, Deng Xiaoping wrote an inscription for education in China, that is, "Education should face modernization, the world and the future."

Deng's directive set the guiding line and principle for the development of education in China's new situation.

Liu Bin, vice minister in charge of the State Education Commission, said that in the past decade, the education field in China has achieved remarkable progress under Deng Xiaoping's guidelines.

He said that participants at the symposium will exchange experiences and achievements made in education in the past decade and enhance theoretical study of Deng's directive.

The symposium is sponsored by the China Society of Education.

Su Buqing, vice chairman of the National Committee of the Chinese People's Political Consultative Conference, Zhang Chengxian, president of the China Society of Education, and Xie Lijuan, vice mayor of Shanghai, are attending the symposium.

### Deng's Daughter Says Father's Life 'Legendary'

HK2209032493 Beijing ZHONGGUO XINWEN SHE in Chinese 1100 GMT 11 Sep 93

[By reporter Guo Weifeng (6753 0251 6912)]

[Text] Beijing, 11 Sep (ZHONGGUO XINWEN SHE)—Xiao Rong said here this afternoon that her father's personal experience has been too tortuous and his life has been too legendary, adding that this was one of the important reasons for her success in writing the book *My Father, Deng Xiaoping* (Volume One).

At a forum on the publication of *My Father, Deng Xiaoping* (Volume One) at the Great Hall of the People today, Xiao Rong talked at length about the reasons for her success in writing the book.

The most important reason for her success in writing the book was that the Chinese revolution was full of great momentum and very rich content, she said. The Chinese revolution was not accomplished by one person, several people, or dozens of people; it was a long revolutionary history written by millions upon millions of people with

lofty ideals, by revolutionaries, and communists through 100 years or several decades of struggle.

To write the book, she had to visit many colleagues and old friends who had worked with him in the past, she disclosed. She heard many stories and obtained much valuable information, feeling the true sentiments of old friends who went through fire and water with Deng Xiaoping.

With tears in her eyes, she recalled the past with deep feeling; at this time, her mother Zhuo Lin also wiped her eyes.

*My Father, Deng Xiaoping* (Volume One) has just been published, and this has drawn widespread attention on the mainland; in Hong Kong, Macao, and Taiwan; and the international community.

At the forum, Li Gengqi, director of the Central Literature Publishing House, presented a hardcover copy of *My Father, Deng Xiaoping* (Volume One) to Xiao Rong.

### Deng Lin Discharged From ROK Hospital 22 Sep

SK2209033393 Seoul YONHAP in English 0318 GMT 22 Sep 93

[Text] Taejon, Sept. 22 (YONHAP)—Deng Lin, 52, daughter of Chinese leader Deng Xiaoping, left a hospital here Wednesday morning after two days of treatment for acute tonsillitis.

A hospital spokesman said she had left the hospital because her temperature was normalized though she was not completely recovered from her disease.

She was rushed by ambulance to the hospital on Monday morning as she fainted due to high fevers and chills while touring the Taejon Expo.

### Postponement of CPC Plenary Session Examined

HK2109135493 Hong Kong CHING PAO in Chinese No 6, 5 Sep 93 pp 30-33

[Article by Ke Tzu-hsuan (2688 1311 6513), written on 10 August 1993: "Inside Story About the Postponement of the Third Plenary Session of the CPC; Top Authorities Plan To Set Up Two Commissions"—first two paragraphs are CHING PAO introduction]

[Text] The authorities originally decided to hold the Third Plenary Session of the 14th CPC Central Committee in early July to discuss several questions concerning the establishment of a socialist market economic structure. They later postponed the time to the last 10-day period of August or early September, and recently again postponed it to the end of this year. What is actually behind these repeated postponements?

The higher echelons of the CPC leadership recently discussed the establishment of two commissions. One is the "Financial and Banking Work Commission," with Zhu Rongji taking command, and the other is the "CPC Anticorruption Work Commission," with Jiang Zemin taking command. The establishment of the two commissions means a redrawing of the demarcation line governing

the existing power structure of the CPC Central Committee and the State Council to concentrate power separately in the hands of the two commissions. This move is called a new step toward the formation of the "Jiang-Zhu system." However, currently Deng Xiaoping has no intention of altering the "Jiang-Li structure."

Because there was a big nationwide confusion in China's economic order; the banking and financial activities were out of control; inflation pressure was building up; the increasingly rampant corruption had led to social unrest; State Council Premier Li Peng's condition was not improving; and the three-day meeting of the CPC senior leaders in Beijing's Xishan failed to reach a consensus, the Third Plenary Session of the 14th CPC Central Committee, scheduled to be held in the last 10-day period of July, was first postponed to the last 10-day period of August or the first 10-day period of September and finally postponed to the end of the year. The session will mainly discuss several questions concerning the establishment of a socialist market economic structure.

#### **Before the Third Plenary Session, the Authorities Will Concentrate Their Energy on Two Things**

**Before the Third Plenary Session, the higher echelons of the CPC leadership will concentrate energy on two things: One is rectifying financial order and strengthening macroregulation and control to stabilize the economy and the other is to crack down on economic crime and punish corruption to rectify government style.** After nearly a month of efforts, of the two tasks, the former has achieved initial results, manifested in the fact that the renminbi exchange rate has risen to a relatively normal level; inflation pressure has eased considerably; the residents' savings deposits have gone up; the task of government bond subscription has been completed; the recovery rate for tax revenue and of bank tax and duty [cai shui he yin hang de shui jin zi jin hui shou lu 6299 4451 0755 6892 5887 4104 4451 6855 6327 6855 0932 2392 3764] has increased; and no overly drastic swing has occurred in the mainland's economic activities. However, no noticeable advances have been made in the second task. So far, no effective and fundamental measures have been taken against the corrupt practices which have plagued the CPC for dozens of years. Anticorruption will be one of the main subjects on the agenda of the Third Plenary Session of the 14th CPC National Congress. Jiang Zemin, general secretary of the CPC Central Committee, will make a special report on the issue at the session. **It is said that recently the higher echelons of the CPC leadership have been discussing the establishment of two work commissions. One is the "Financial and Banking Work Commission," with Zhu Rongji taking command and the other is the "CPC Anticorruption Work Commission," with Jiang Zemin taking command.** The establishment of the two commissions means a redrawing of the demarcation line governing the existing power structure of the CPC Central Committee and the State Council to concentrate power separately in the hands of the two commissions. This move is called a new step toward the formation of the "Jiang-Zhu System." This will

undoubtedly have a great impact on the redistribution of power within the higher echelons of the CPC leadership.

The set of policies currently adopted by the CPC to rectify financial order and strengthen the central macroregulation and control can be viewed, in a certain sense, as **a trial of strength between two different outlooks on economic development and a new shift of power within the top authorities.** Since the publication of Deng Xiaoping's southern-tour talks last year, the enthusiasm of localities throughout the mainland for reform and opening up to the outside world has been rising and they have taken swift and vigorous action but the actions and moves taken by central authorities have seemed passive and inactive. Since then, two different lines of thinking on development and outlooks on policy have gradually taken shape. One line of thinking contends that the current central management structure should remain unchanged on the whole. Its main consideration is stressing political stability and seeking progress through stable endeavors and its reasoning is that the practical threat of "peaceful evolution" does exist and China should not take a road of radical reform.

#### **Zhu Rongji Favors Increasing Intensity of Reform**

Contrary to the line of thinking mentioned above, Zhu Rongji and others have another set of views and policy propositions. Zhu has maintained: There are both healthy and unhealthy elements in the mainland's high economic growth since the beginning of last year; the unfavorable role of the latter has spread too rapidly; the contrast between rapid economic growth and the lagging structural reform and, in particular, the reform of central macroregulation and control departments, is excessively sharp; the "bottleneck" restraint on basic industries and infrastructures and inflation pressure have emerged ahead of time; the total of one-third large and medium state-owned enterprises operating in the red has not been reduced; runaway bank activities have led to an increase in money stock; capital flow is confused; and corrupt behavior is unstoppable. All these phenomena will throw the Chinese economy onto the lowest rung and into the quagmire of inflation. Therefore, at the end of last year and at the beginning of this year, he repeatedly urged increasing the intensity of reform. First of all, it was necessary to restructure the central financial, taxation, banking, and investment departments, establish a central macroregulation and control system commensurate with the development of the market economy, and devote great efforts to putting an end to the situation wherein large and medium state-owned enterprises suffer losses in operation and promoting state-owned enterprises to change the way they operate. For this purpose, he put forward a set of proposals such as "taking control of the money supply, liberalizing prices, restructuring the industrial structure, increasing central macroregulation and control, and accelerating changing the way state-owned enterprises operate." He said: For the Chinese economy to grow steadily and at high speed, we should "rely on reforming the structure rather than issuing currency." These proposals by Zhu Rongji were formed on the basis of the opinions he solicited extensively from economists inside and outside the party. Moreover, he

attached particular importance and gave utmost consideration to the opinions of economists such as Wu Jinglian, Li Yining, and Dong Fureng, who vigorously advocate that "we should promote development through reform" and "reform goes first and development second."

#### **At the Xishan Meeting, Vice Premier Zhu Refutes [People's Bank of China] President Li**

However, before June, the two lines of thinking on development had always failed to reach unity. The proponents of the argument asserting that the existing structure should remain unchanged got the upper hand. It was not until Li Peng suddenly suffered a myocardial infarction and was hospitalized, and Zhu Rongji took charge of the work of the State Council because the former was unable to attend to government affairs, that things began to change. In the last 10-day period of June, to achieve unity in thinking and cope with the situation whereby the Chinese economy was heading toward an unhealthy "overheated growth," Jiang Zemin called and presided over "a central financial and banking work meeting" in Beijing's Xishan, at which **Zhu Rongji put forward the 16-Point Plan for "rectifying financial order and strengthening central macroregulation and control."** Zhu Rongji's proposition first encountered opposition from Li Guixian, State Councillor and president of the People's Bank of China. Disagreeing with Zhu Rongji's assertion that the mainland financial situation was "extremely confused and grim," Li Guixian said: "Financial work is basically suited to the needs of the mainland's current economic development." He disagreed with the criticism by some people of such economic activities as trading in real estate, stocks, and securities. He held: These businesses in financial institutions are "the product of reform," which help promote economic prosperity. He also suggested: As far as the existing structures of central banking, financial, and taxation institutions are concerned, "stability should be stressed and their authority should be upheld." Li Guixian's opinions are, in fact, an expression of his unwillingness to surrender the banking, financial, and taxation power submissively. His opinions were severely criticized by Zhu Rongji. At the meeting, Jiang Zemin agreed to the dismissal of Li Guixian from his post as president of the People's Bank of China. However, the question of who would take up the post remained undecided because Li Peng had not made known his position.

#### **Deng Xiaoping Stresses Not Adhering to the Old Ways**

Jiang Zemin and Zhu Rongji reported the progress of the Xishan meeting to Deng Xiaoping. **Having heard the report, Deng Xiaoping said: I agree with the measures you have taken. Comrade Zhu Rongji should concurrently be president of the People's Bank of China. The key to the question at present is that the reform is insufficient. If the central authorities do not make any reform moves their authority cannot be established. There is the question of seizing the opportunity when it comes to reform and develop. Accelerating reform and accelerating development are identical. Last year, I said that under socialism reform is also aimed at liberalizing productive forces. This point has not**

**been adequately stressed. The current problem lies here. We must start with the banking, financial, and taxation sectors and not follow the previous beaten track because it is a blind alley. We must strive to stabilize the economy in three months and improve the economic situation in six months. Can you do that? Now that he (referring to Li Peng) is ill and unable to attend to this matter, you (referring to Zhu Rongji) should be bold in undertaking this task. Everybody supports you and you need not have any misgivings. It must be made clear that no one shall interfere in Zhao Rongji's work and people should coordinate with each other. I am convinced that you will be able to do the work well.** Thus, the CPC authorities dismissed Li Guixian from the post of president of the People's Bank of China and, a week later, officially declared that Zhu Rongji would take up the post concurrently. Zhu then announced the central authorities' 16-Point Plan for rectifying financial order and strengthening macroregulation and control.

#### **Zhu Rongji Encountered Three Major Barriers**

Zhu Rongji had the upper hand in the current move taken by the central authorities to rectify financial order and strengthen macroregulation and control, with his sphere of influence expanding. People were universally bullish about his future career, thinking that this was a crucial step for him toward the premiership. However, according to the analysis by people in the know, for Zhu Rongji to become premier, three major barriers lie before him. One is that the economic improvement project he is currently directing is just the first step in using administrative fiat to contain the excessively confused economy. For the Chinese economy to develop healthily, in the next step he must complete the two arduous tasks of formulating a new policy and carrying out structural reform. Moreover, the two tasks are very difficult to accomplish because they should be started by taking actions at the central level and the impact will affect the whole nation. In terms of structural reform, **the stress of the current reform will be on the banking, financial, and taxation structure.** The Central Bank should be independent and carry out its activities according to law. It should break away from the current power framework, under which the CPC Central Committee, the State Council, and various administrative departments exercise leadership, level after level down, and gain a status equal to the Central Committee and the State Council. The arbitrary and interim measures often adopted by the government in managing the activities of the state economy will thus be subject to the restraint of, and resistance from, the Central Bank which acts in accordance with certain regulations. The reform of the financial and taxation structures involves the relations between central and local authorities. Developed and underdeveloped regions have different demands on power division from the central authorities and the debate on which forms of power division should be adopted has gone on endlessly for dozens of years. It is a difficult problem on which it is not easy to reach a final conclusion. In terms of the current situation, the higher echelons of CPC leadership have not adopted any mature and workable propositions on the two crucial steps of formulating a new policy

and establishing a new structure. It is still difficult to see clearly what steps are to be taken next.

The ideas contributed by economists to Zhu Rongji are that, in the first step, the use of administrative fiat should be moderate: 1) localities' enthusiasm for developing the economy should be protected; 2) the use of administrative fiat should help promote the construction of basic industries and infrastructures; and 3) consideration should be given to the formulation of a new follow-up policy. In the second step, the new policy should be moderate and implemented gradually only after experiments are conducted in a selective way. In the third step, it is wise to adopt relatively radical measures to establish a new structure, with the stress on overall effect so that it can be achieved in one move. What counts at present is that, while "improving and invigorating" the economy, we should not slow down the reform of the price structure, let alone suspend it. Although the reform can possibly generate inflation, so long as money supply is under control and the price system fully reflects the changes in the relations between market supply and demand, it can display its role in regulating the economy and finally contain abnormal economic growth. Zhu Rongji adopted this opinion, changed his original intention of suspending the reform of the price structure, and set the demand of "actively and steadily carrying out the reform of the price structure." However, it is difficult to reach a final conclusion at present on whether or not Zhu Rongji can take a step further in the reform in the next step and whether or not the higher and lower levels can give him adequate support.

#### **Deng Urges Li Peng To Give More Support to Zhu and Zou [Jiahua]**

The second major barrier facing Zhu Rongji is the political pattern which has long been established by the higher echelons of CPC leadership, under which "the Jiang-Li structure should remain unchanged." According to Deng Xiaoping's political conviction, he will not allow the passing of a new verdict on the 4 June incident of 1989 during his lifetime and after his death because, in his opinion, this will undermine not only the solidity of the ruling position of the CPC and the unity and stability of the mainland but also the foundation on which the set of policies and lines he has formulated during the past dozens of years and his own historical position are based. To ensure that the verdict on the 4 June incident is not reversed he encouraged accelerating economic reform and development, exchanging economic growth and its resulting benefits for the abandonment of the people's demands for an investigation of the 4 June incident and a speedy construction of democratic politics. On the other hand, he wanted to ensure organizationally that no one would create trouble about the 4 June issue and retreat from the original stand on which the 4 June incident was handled. To accelerate economic reform and development, he selected Zhu Rongji to the higher echelons of CPC leadership to assist Premier Li Peng, who has relatively limited ability and a relatively weak enterprising spirit, in managing the state economy. To ensure that the verdict on

the 4 June incident is not reversed, he urged Wan Li, Yang Shangkun, and Yang Baibing to withdraw from their high posts and concentrated party, military, and government power on Jiang Zemin so as to maintain that "the Jiang-Li structure remains unchanged." True, this arrangement of Deng's was also made out of the intentions of the other elder statesmen of the CPC but, overall, it was made from his own painstaking scheme. He is unwilling to see too big a change in this political pattern. That Premier Li Peng suffered from a serious heart disease so early so that it was difficult for him to personally attend government affairs was out of Deng Xiaoping's expectations. However, so far, he has not clearly stated his position on the issue of replacing Li Peng with Zhu Rongji. Recently, Deng Xiaoping asked somebody to send his regards to Li Peng, inquiring about the latter's condition and to pass on the following words: **Have a good rest and recuperation. Do not be impatient for work. If you give more support to Zhu Rongji and Zou Jiahua, it will be easier for you as premier.** What this actually meant is that he has a mind to let Li Peng continue to assume the post of premier. It can thus be seen that in his political arrangement, currently Deng Xiaoping has not given consideration to the issue of Zhu Rongji assuming the post of premier.

One calculation maintains: If Zhu Rongji continues to exploit the success in improving the economy this year, Li Peng's condition tends to worsen, and the demand of the people on the mainland for democracy does not go beyond the limits bearable by the CPC, the possibility of Zhu Rongji to becoming premier is not unlikely.

#### **Zhu's Efforts To Improve the Economy Lack the Coordination of the Anticorruption Drive**

The third major barrier facing Zhu Rongji is that in improving the economy, he lacks the powerful coordination of a struggle against corruption politically. The confusion in the mainland's economy in the last period had direct connections with the corrupt work style of the party and government. The government-led investment and consumption behavior in economic activities have given rise to such practices as trading power for money, free spending and waste, blind economic expansion, and embezzlement of public property in large quantities. The combination of the old economic structure and the traditional political structure, characterized by concentration of state power, has enabled the power holders who have violated the law to be free from legal prosecutions and those who have done evil doings to be free from supervision by public opinion, enable criminal and corrupt practices to gather and spread under the great banner of government prominent figures. Zhu's efforts to improve the economy can hardly avoid the powerful resistance of the traditional political structure and the criminals and corrupt people who are protected under that structure. That hundreds of millions of public funds were used in travel, eating and drinking, goods purchases, and other "government" spending and hundreds of millions of taxation revenue were retained by governments at all levels and used for private and small group spending purposes proves that the traditional political structure has become

one of the greatest disastrous causes infringing upon and disrupting the mainland's economic reform and development. However, so far, the CPC has been weak and powerless on the anticorruption issue and this can hardly convince or satisfy the ordinary people. The "case of illegally raising funds by the Great Wall Machinery and Electronics Company," which emerged on the mainland not long ago, involved many high officials. It is said that some of them are even relatives of top CPC leaders. After the case was exposed, because its "background was so excessively deep" that it had to be wound up perfunctorily, and it ended in a warning of "not to be repeated." In resolving the problem of corrupt work style of the party and the government, the CPC has "said every fine word and talked big," as one may well say but it has not uttered a single word and ever touched on the major drawbacks of the political structure. Looking up to "self-improvement and self-rectification" as the standard, it attaches no importance to the great functions of laws, public opinion, and democratic politics to "punish corruption" and "combat corruption." This fundamental drawback is the basic reason the CPC has attempted nothing and achieved nothing significant in combating and punishing corruption. At the Third Plenary Session of the 14th CPC Central Committee, which is to be held at the end of this year, Jiang Zemin will make a special report on the "anticorruption" issue. According to a participant in drafting the document, it was difficult to write this report for Jiang Zemin. Many problems could not be dealt with because there were no new policies and measures available. Most of the report was devoted to "saying the same old things" and "making a position statement" to the people. It lacks a sense of crisis and urgency. Many people on the mainland pointed out: Without the powerful coordination of a political drive to combat and punish corruption, Zhu Rongji will get half the result with twice the effort in improving the economy. If something goes wrong with his economic improvement program, he will offend a number of people holding real power and positions and thus his position in the party will be hindered. This is why people say "Zhu Rongji is walking a political tightrope."

#### **Jiang and Zhu Are Encountering Major Challenges**

Mainland people are now focusing their attention on Zhu Rongji and Jiang Zemin. While placing their hopes on them, the people cast cautious and even doubtful eyes on them. Zhu Rongji has taken actions and achieved initial results in improving the economy. Jiang Zemin's anticorruption work has not shown any considerable improvement, though it has yielded some meager results so far. For Jiang and Zhu, the current political and economic situation is both an opportunity to make contributions and establish themselves and a major challenge to their political fate and future. In the last four years, Jiang Zemin has gained lots of substantial benefits but made little contribution. The appraisal of Jiang Zemin by people from all walks of life on the mainland is mixed and they hold that he must work harder. Of Zhu Rongji, it is deemed that his contributions outweigh his fame and he can fill a position of great responsibility. However, he is subject to checks by

others and it is easy to offend others. He has only displayed half of his political and economic capabilities. In the current situation, the two men both have the opportunity to make up for their shortcomings and develop their strong points, with the danger that their shortcomings could be exposed while their strong points are repressed. While the revered Mr Deng is still alive and in good health, they can still manage against great impediments, if any. However, when he is gone, can they control the overall situation?

#### **National Comprehensive Reform Forum Opens in Shandong**

*SK2109131993 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 20 Sep 93*

[Text] The national forum on county-level comprehensive reforms was held in Longkou city on 20 September. He Guanghui, vice minister of the State Commission for Restructuring Economy and secretary of the leading party group, presided over the forum. Ma Kai, vice minister of the State Commission for Restructuring Economy, delivered a work report. Li Chunting, deputy secretary of the provincial party committee and vice provincial governor, attended the forum and introduced our province's experience in promoting county-level comprehensive reforms.

The main purpose of this forum is raise the county-level comprehensive reform to a new level in close connection with the reform overall task and the demand set forth by the 14th party congress on strengthening the fundamental status of agriculture and promoting a steady agricultural development and by dealing with things conducive to county economic development, especially the rural development, and the contradictions and in-depth problems that must be solved in the course of reform as the priorities.

In his work report, Ma Kai, vice minister of the State Commission for Restructuring Economy, fully affirmed the province's practice of last year of listing 26 economically strong counties, such as Rongcheng County, as the counties for carrying out comprehensive reform experiment and supporting them with policies, and at the same time, listing nine counties, such as Yangxin County, as the province's economically less-developed areas and organizing nine economically strong counties and nine economically less developed counties to form counterparts to promote mutual development.

During the forum, more than 20 units would introduce their experiences and the participating delegates would make on-the-spot investigation in Longkou city to examine its reform situation.

#### **Further on Luo Gan's Remarks Concerning Tibet**

##### **Exhorts Armed Police Force**

*OW2209104893 Lhasa Tibet Television Network in Mandarin 1200 GMT 7 Sep 93*

[From the "Tibet News" program]

[Excerpts] Luo Gan and his entourage returned to Lhasa on the morning of 6 September after attending an inaugural ceremony for building the 10th Grand Master Bainqen Temple in Xigaze. Despite fatigue from traveling, Luo Gan and his entourage went right to the Tibet Armed Police Force and the Regional Public Security Department in the afternoon, accompanied by regional leaders Chen Kuiyuan, Raidi, and Gyaincain Norbu. Everywhere they went, they received thunderous applause. [passage omitted] [Video opens with a medium shot of Luo Gan, shaking hands with people dressed in military uniform, cutting to show a close shot of him standing before a microphone and addressing armed police officers in an outdoor compound]

During his visit, Luo Gan made an important speech to armed police and public security cadres. He said: Coming from Beijing, we are very pleased to meet comrades who have long fought on the armed police, public security, and security fronts. For years, you have made important contributions to safeguarding the motherland's unification, strengthening national unity, maintaining public order, opposing separatism, and cracking down on crimes. On behalf of the State Council, the National People's Congress, and the National Committee of the Chinese People's Political Consultative Conference, I express heartfelt thanks and pay high tribute to you.

Luo Gan said: The current situation in China is excellent. Led by the CPC Central Committee, with Comrade Jiang Zemin as the core, the people all over the country are accelerating the pace of reform and opening up in a bid to develop the Chinese economy more efficiently. Economic prosperity and social and political stability are the hallmarks of the current excellent situation in China. However, hostile forces at home and abroad, unhappy with the rapid development of the Chinese economy, have incessantly carried out subversion, infiltration, and sabotage [dian fu shen tou he po huai]; and advocated splittism. The struggle will be a protracted, arduous, and complex one. Nevertheless, we are very grateful to the contingent of armed police and public security cadres, on whom the party and the people can totally depend. At crucial hours, you are not fearful of sacrifice; you defy personal safety and danger in bravely striking down disturbance, troublemakers, and all kinds of criminal offenders, thereby safeguarding the country's peace and stability and the people's lives and property.

In conclusion, Luo Gan urged all comrades fighting on the armed police, public security, and security fronts to further enhance their awareness, to display the spirit of unity and cooperation, and to maintain a high degree of alertness and constant preparedness, so as to make new contributions to opposing splittism, safeguarding the motherland's unification, strengthening national unity, maintaining public order, and promoting social and economic development in Tibet. [passage omitted]

Zheng Wantong, deputy director of the United Front Work Department of the CPC Central Committee; (Li Jiyou), vice minister in charge of the State Nationalities

Affairs Commission; Yang Tongxiang, deputy director of the State Council's Bureau of Religious Affairs; and other leaders accompanied Luo Gan on the visit to the armed police force and the regional public security department.

#### Addresses Cadres at Military District

OW2209011893 Lhasa Tibet Television Network in Mandarin 1200 GMT 7 Sep 93

[From the "Tibet News" program]

[Text] On the afternoon of 6 September, Luo Gan, state councillor and concurrently secretary general of the State Council, accompanied by Chen Kuiyuan, secretary of the autonomous regional CPC committee and first secretary of the Tibet Military District party committee; Raidi, deputy secretary of the regional party committee and chairman of the regional people's congress; and Gyaincain Norbu, chairman of the Tibet Autonomous Regional People's Government, visited the Tibet Military District [TMD] and cordially called on commanders and fighters of the People's Liberation Army [PLA] stationed in the southwest border of the motherland.

When Luo Gan and his party arrived at the military district, Commander Zhou Wenbi and other TMD leaders welcomed them at the gate. As soon as they reached the TMD headquarters compound, regimental and higher-ranking cadres, who had been waiting for some time, welcomed them with warm applause. Luo Gan and other leaders warmly shook hands with them and posed for a photograph with comrades to mark the occasion. [video shows Luo Gan, in light blue business suit, welcomed with smiles and handshakes by uniformed officers upon arrival].

Comrade Luo Gan made an important speech. He fully endorsed the significant contributions made by the troops in regards to the stability and economic development of Tibet. He said: Over the past 40 years or so, you have steadfastly guarded the southwest border of the motherland, carried forward the pioneers' selfless and enterprising spirit, performed your duties loyally and have overcome one difficulty after another under arduous circumstances. You have contributed significantly to protecting the motherland's southwest frontiers, and the socialist construction in Tibet. On behalf of the State Council, the National People's Congress, and the National Committee of the Chinese People's Political Consultative Conference, I wish to extend my cordial regards and highest respects to all of you officers and men stationed in the southwest border of the motherland.

Luo Gan urged the broad masses of commanders and fighters stationed in Tibet to build stronger armed forces in light of Comrade Xiaoping Thought for Army Building in the new period, as well as the arrangements made by the Central Military Commission, and to continue to promote the pioneers spirit of selfless devotion and hard struggle, do a good job in supporting the local governments, strengthen the unity between the army and the government and between the army and the people, and make new

contributions to protecting the southwest frontiers of the motherland, protecting the people and the construction of the four modernizations.

TMD Commander Zhou Wenbi spoke on behalf of the officers and men stationed in Tibet. He said: The central leadership has fully endorsed the achievements made by the troops stationed in Tibet for the past 40 years. At the same time, it has placed higher demands on our troops stationed in Tibet in promoting army-government and army-people unity as well as strengthening army building under the new situation. We will follow the instructions earnestly, continue to display the pioneers' spirit, promote army-government and army-people unity, build stronger armed forces, and accomplish the various assignments from the party Central Committee, the State Council, the Central Military Commission and the autonomous region. The party Central Committee, the State Council, the Central Military Commission, the government and the people of all nationalities in Tibet may rest assured of our promise.

Also accompanying Luo Gan were Zheng Wantong, deputy head of the United Front Work Department of the CPC Central Committee; Li Jingyou, vice minister in charge of the State Nationalities Affairs Commission; and Yang Tongxiang, deputy director of the Bureau of Religious Affairs under the State Council.

#### **Incidence of Kidnappings, 'Crimes for Money' Viewed**

*HK2209034293 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0922 GMT 10 Sep 93*

[“Special article” by Shao Ling (6730 7227): “Comprehensive Analysis of Kidnappings on Mainland”]

[Text] Hong Kong, 10 Sep (ZHONGGUO TONGXUN SHE)—With a rapid economic growth on the mainland over the last few years, many people's attitude toward money has turned 180 degrees. They despised money before, and now put money above everything else. Some people even do not hesitate to commit crimes for money. A number of “upstarts” who emerged in the last few years now have become targets for kidnapping.

Early this year, the ancient city of Xuchang witnessed a series of kidnappings as never seen on the mainland over the last 40 years.

In the period around the spring festival in the Year of Rooster [February 1993-February 1994] Wang Peng, a boy of five was kidnapped, and the kidnappers demanded a ransom of 10,000 yuan. The kidnappers managed to get the ransom by changing the venues for delivering the money several times so as to escape police surveillance. A month later, Qi Yingying, a girl of four and a half, and Sun Haixiao, a boy of five, also were kidnapped. The handwriting of the two blackmail letters was the same as that addressed to Wang Peng's guardian, but the ransom was raised to 20,000 yuan each. For a period thereafter, the Xuchang people were frightened and restless. False news was afloat in the air: “Xuchang was in chaos. A kidnapping

gang has made its way to Xuchang!” “The public security bureau failed to crack the case...”

Nevertheless, kidnappers Li Changde and Sun Zhenfeng finally were arrested.

Sun Zhenfeng, who was formally a worker, was unable to make both ends meet on his salary of about 100 yuan. He planned to do business in cooperation with his sworn follower, Li Changde. Li responded: “I have a big business in mind. Do you dare join me?” Sun said without hesitation: “Sure, as long as we can make money.”

Then the two decided to kidnap children to extort money from their parents.

For the sake of money kidnappers even showed no mercy to their own relatives. Zhang Bowang, a native of Shaodong County in Hunan, kidnapped his nephew with the help of his followers and demanded a ransom of 200,000 yuan. In Yancheng, a kidnapper named Yang Xueshan killed his two cousins after failing to get a ransom of 12,000 yuan. He buried them in his own compound.

Kidnappers' tactics were more and more similar to those seen in “movies.” In midwinter last year, a certain wealthy businessman called Li received an envelop. Upon opening it he found a bloody fingertip wrapped in the letter paper. He immediately understood that his son was kidnapped. The kidnapper demanded a ransom of 100,000 yuan and sent him his son's chopped-off fingertip to convince him of the kidnapping.

Of course, many kidnappers finally were captured. With China opening to the outside world, it is unavoidable that some law-breakers will take advantage of the opportunity to commit crimes. Under the circumstances, what is important is how we can take effective precautionary measures and crack such cases rapidly. As long as the police take effective measures to hold the evil trend in check, we are convinced that kidnappings will not run rampant to such an extent that people turn pale even at the mention of kidnappings.

#### **Circular Bans Use of Rhinoceros Horn, Tiger Bone**

*OW2209082193 Beijing XINHUA in English 0758 GMT 22 Sep 93*

[Text] Beijing, September 22 (XINHUA)—China has issued a circular on banning production of traditional Chinese medicine that uses rhinoceros horn or tiger bones as ingredients.

The circular was issued by the Ministry of Public Health in line with the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), and to carry out the decision of the State Council, the highest governing body of China, to forbid all trade in rhinoceros horns and tiger bones.

The circular says that the country firmly forbids import and export of rhinoceros horn and tiger bone and ready-made traditional Chinese medicine with such elements.

Products in China that already contain the banned ingredients will be registered and sealed.

The Health Ministry's order mandates manufacturers to immediately stop producing traditional Chinese medicine that use rhinoceros horn and tiger bones.

#### **Procedures for Educating Prostitutes Noted**

*OW2209095793 Beijing XINHUA Domestic Service in Chinese 2135 GMT 9 Sep 93*

[Text] Beijing, 10 Sep (XINHUA)—Procedures for Taking In Prostitutes and Their Clients for the Purpose of Education

Article 1. In order to educate and save prostitutes and their clients and to check the spread of venereal disease, these procedures are formulated in accordance with the Decision of the Standing Committee of the National People's Congress on Banning Prostitution and the Practice of Frequenting Prostitutes.

Article 2. The term "taking in for the purpose of education" mentioned in these procedures refers to compulsory administrative measures for rounding up prostitutes and their clients so that they receive legal and ethical education and for organizing them to take part in productive labor and to undergo examination for and treatment of venereal disease.

The principle of educating, saving, and helping erring persons to change through persuasion shall be adopted in the work of taking in prostitutes and their clients for education.

Article 3. The Ministry of Public Security shall be in charge of the work of taking in prostitutes and their clients for education.

Article 4. The public security organs of the provinces, autonomous regions, municipalities, and autonomous prefectures directly under the central government, and cities with administrative districts shall, in accordance with the need, draw up a plan for establishing facilities for taking in prostitutes and their clients for education. The plan must be submitted to the people's government of the same level for approval.

Local planning commissions and financial departments shall include funds needed for the construction and operation of such facilities in their capital construction plans and budgets.

Article 5. These facilities shall hire counselors, medical personnel, financial personnel, and accountants according to the need.

Article 6. A facility for taking in prostitutes and their clients for education shall set up an accommodation room and other rooms or places for educational, labor, medical, cultural, and athletic activities.

Article 7. Prostitutes and their clients shall be punished according to the provisions of Article 30 of the Regulations of the People's Republic of China on Administrative

Penalties for Public Security. In addition, they shall be taken in by a public security organ for education if they are deemed as not requiring reeducation through labor.

Prostitutes and clients who are in one of the following situations may be excused from being taken in for education:

1. A person who is less than 14 years old;
2. A person who is afflicted with venereal disease or other contagious diseases;
3. A pregnant woman or a woman who is nursing her own child of less than one year old; and
4. A woman who was induced or forced into prostitution.

Article 8. County-level public security organs shall decide whether the prostitutes and their clients shall be taken in for education. If it is decided that they shall be taken in for education, the relevant county-level public security organs shall write out the decision, a copy of which shall be given to the persons to be taken in. Their family, unit to which they belong, and the police station at the location of their family registration shall be informed within 15 days starting from the day the decision is made.

Article 9. The time limit for educating taken-in prostitutes and their clients is from six months to two years.

The date for educating taken-in prostitutes and their clients starts from the day the decision is executed.

Article 10. A facility for educating taken-in prostitutes and their clients shall examine and treat them for venereal diseases. They or their families generally are to bear the cost of examination and treatment.

Article 11. A facility for educating taken-in prostitutes and their clients shall divide the taken-in personnel by sex and determine whether or not they are afflicted with a venereal disease.

Female personnel who are taken in shall be managed by female working personnel.

Article 12. A facility for educating taken-in prostitutes and their clients shall administer the taken-in personnel according to the law, shall establish and improve various management rules, and shall be strictly prohibited from beating, scolding, inflicting physical punishment on, or resorting to other methods of insulting the personnel who are taken in.

The personnel who are taken in shall observe the regulations of a facility for educating taken-in prostitutes and their clients and shall obey its regulations.

Article 13. Prostitutes and their clients who are taken in shall receive legal and ethical education. They shall also be organized to take part in productive labor and to study production techniques to enhance their awareness of labor.

The income produced by the taken-in personnel through taking part in productive labor shall be used to improve their living conditions and the accommodation facility

itself. These personnel who take part in productive labor shall be paid a certain amount of remuneration according to regulations. A facility for educating taken-in prostitutes and their clients shall set up a single account for labor incomes and expenses. Such accounts shall be strictly managed.

A facility for educating taken-in prostitutes and their clients shall introduce civilized management by organizing the taken-in personnel to carry out useful cultural and athletic activities.

Article 14. Living expenses incurred while the taken-in personnel receive education in an accommodation facility generally shall be borne by the personnel themselves or by their families.

Article 15. If the personal belongings of the personnel who are taken in for education at an accommodation facility need to be taken care of by the facility, the belongings shall be registered and properly stored for safekeeping. The personal belongings shall be returned to the personnel when they leave the facility.

Article 16. A facility for educating prostitutes and their clients shall permit their families to visit them.

During their stay in an accommodation facility, if the personnel who are taken in for education are required to leave the facility for appropriate reasons such as a son or daughter becoming a parent or a family member falling seriously ill or dying, they may leave the facility with the approval of the facility director after their family or work unit have provided a guarantee by supplying bond. In general, their absence from the facility may not exceed seven days.

The method of collecting a bond shall be stipulated by the Ministry of Public Security.

Article 17. Personnel taken in for education who repent and make contributions, or who face special circumstances, can be commended or discharged early from their education. When an early discharge from education is warranted, the facility for educating taken-in personnel shall forward its opinion for approval to the public security organ which makes the original decision to send personnel for education. However, in qualifying for an early discharge, the period of education actually carried out shall not be less than half of the period originally decided upon.

Article 18. Taken-in personnel who refuse to receive education or who disobey supervision shall be warned or given an extended period of education. When an extension of the education period is warranted, the facility for education shall forward its opinion for approval to the public security organ which makes the original decision to send personnel for education. However, the actual length of the extension shall not exceed a maximum of two years.

During the education period, personnel taken in for education shall be treated in accordance with the relevant laws and regulations if they are found to have committed other crimes that have not been dealt with.

Article 19. Taken-in personnel who complete their period of education shall be discharged accordingly and be given a certificate of discharge from education, and their family members or the units to which they belong shall be informed to take them back.

Article 20. Taken-in personnel who refuse to accept the decision ordering their education can apply to the public security organ at the next higher level for reconsideration in accordance with the stipulations of the "Regulations on Administrative Reconsideration." Those who refuse to accept the reconsideration decision of the public security organ at the next higher level can file a lawsuit with the people's court in accordance with the "Administrative Procedural Law of the People's Republic of China."

Article 21. The deaths of taken-in personnel during the education period shall be certified by forensic medical experts provided by public security organs or by their appointed doctors. Following an examination by the people's procuratorate at the same level, the death shall be reported to the public security organ and people's procuratorate at the next higher level for recording. A death certificate shall be completed and sent to the dead person's family members, work unit, and the public security police station where the dead person's household is registered. If the remains of the dead person are not claimed by a family member, the public security organ shall dispose of the remains after taking photographs.

Article 22. The Public Security Ministry shall be responsible for interpreting these procedures.

Article 23. These procedures come into force on the day of their promulgation.

#### **Liu Zhongde Article Discusses Cultural Work**

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[Article by Liu Zhongde (0941 1813 1795), deputy director of the CPC Central Committee Propaganda Department and minister of culture: "Several Theoretical and Practical Questions Concerning Cultural Work Under New Conditions"]

[Text] Setting the goal of establishing a socialist market economy has raised a series of questions concerning reform of the cultural undertakings management system and its development. We should theoretically and practically understand, answer, and solve these questions. It is undoubtedly urgent. We feel deeply that whether or not such questions can be correctly solved has a bearing on whether or not we can comprehensively and accurately implement the guidelines of the 14th party congress on cultural work and smoothly accomplish the three major tasks of vigorously pushing forward the cultural undertakings management system reform; improve our cultural and economic policies; and promote a flourishing socialist culture, which were set by the party congress. I want to discuss some of my personal thoughts and views on several major questions in our present cultural work.

### **1. How We Can Correctly Follow the Orientation for Cultural Undertakings Management System Reform While Establishing a Socialist Market Economy**

Establishing a socialist market economy is essentially aimed at thoroughly changing the economic system which impedes the development of our country's productive forces. At the same time, efforts should also be made to reform political and other structures in order to realize socialist modernization in China. Such changes will not only greatly shake our economic field and alter our basic methods of economic operation, but will also greatly shake our cultural field and generate tremendous shock waves against the existing state and organizational forms of culture and art, and their demand and supply. After several years of thinking and practice, people no longer doubt the historical necessity of economic restructuring. But they still have misgivings and doubts about the historical necessity of reforming the cultural undertakings management system because of economic restructuring. With the establishment and improvement of the socialist market economy, unprecedented changes have taken place or are taking place in our country's economic mechanisms and life. This is the only way for our country to advance toward modernization. Likewise, it is also undoubtedly an historical necessity that, under new historical conditions the cultural undertakings management system should be reformed in order to adapt itself to the changing economic structure; it is independent of people's subjective will. Our correct attitude should be: We should soberly face reality, further emancipate our minds, change our ideas, meet challenges with a positive attitude, and enthusiastically participate in reform. This is the only correct choice we can make.

It is very important that we should correctly follow the orientation for reforming the cultural undertakings management system after clearly understanding the historical necessity of such reform. This is also a question of common concern for people. However, there are various prevailing views among some writers and artists on this question. Some of them hold: Since the cultural undertakings management system is definitely to be changed to meet the requirements for establishing a socialist market economy, all cultural workers should be pushed to participate in market competition to let the fittest survive, so that they can establish their respective positions anew. There are also people who question this, saying: What will be the consequences if all cultural workers are forced to engage in business? If the cultural undertakings management system is reformed at the cost of the spiritual degradation of cultural workers, and the poor quality and decreasing quantity of cultural products, it could not be considered successful. Such questions call for deep thought. This also shows from one angle that it is absolutely necessary to set a correct general orientation in this regard conforming to the reality of our changing cultural undertakings management system, and compatible with the goal of building socialist material and spiritual civilization. The report to the 14th party congress clearly pointed out that the building of spiritual civilization must

be closely linked to the central task of economic construction, providing economic development, reform, and opening to the outside world with a powerful ideological driving force and with intellectual support. Reform of the cultural undertakings management system must suit to economic restructuring. At the same time, we must respect the distinguishing features of literature and art. The report to the 14th party congress pointed out: "The establishment of a socialist market economy involves many spheres of the economic base and the superstructure, and it therefore requires corresponding structural reforms and the readjustment of a series of policies." This calls for us to pay special attention to "corresponding" structural reforms and the readjustment of a series of policies. In other words, reform of the cultural undertakings management system must suit the socialist market economy. When we emphasize that reform of the cultural undertakings management system must be suited to the socialist market economy, we must not lose sight of the particularities of culture and art. After bringing to light the imbalance between material and spiritual production, Marx pointed out: "The difficulty is how to describe contradictions. Once the particularities of such contradictions are determined, they can be clearly explained." (*Selected Works of Marx and Engels*, Vol 2, p 113) This means when one tries to discover the interrelation between material and spiritual production in a given historical period, one should pay attention to their particularities. It should be stressed here change is inevitable, but we should not let it take place randomly, spontaneously, or unsystematically; change should take place according to the subjective law governing things. In view of the actual changes that have taken place in the cultural undertakings management system since the Third Plenum of the 11th CPC Central Committee, particularly since the 14th CPC National Congress, I am of the opinion that China's management system reform must adapt itself to the socialist market economy system, accord with the demands of building socialist spiritual civilization, and conform to the law of the development of culture and art. There is only one criterion to judge the success or failure, gain or loss of such change: Practice. To be concrete, we should see whether it is conducive to bringing the enthusiasm and creativeness of the vast number of literary and art workers into play; whether it is conducive to the production of works, the creation of talented people, the prosperity of socialist cultural undertakings, and to meeting the needs of the increasingly active cultural life of the people; and, whether it is conducive to the promotion of economic development and all-around social progress. Only by achieving these goals can we claim that cultural undertakings management system reform has been successful.

### **2. How To Look Upon the Commodity Property of Cultural Products and Their Particularity Under Current Economic Conditions**

According to the Marxist economics definition, the fundamental nature of a commodity is that it is not for the producer's consumption but for sale to others, and at the same time, it enables the producer to obtain other things he needs through exchange; and it is a product of labor

which satisfies some of people's needs, and so, it is an integration of abstract labor and concrete labor, as well as an integration of value and use value. This general definition can be fully applied to the vast majority of cultural products in China. This is because, to most literary and art workers, engaging in production of intellectual products is a means of settling down and pursuing their aims, or is at least part of their means of life. As material commodities, cultural products—whether in material form or not—are an integration of abstract labor and concrete labor, and an integration of value and use value. Their use value is realized after satisfying people's social needs in accordance with the mode of commodity exchange in the circulation process. One can only read a literary work after buying a book from a shop; a moviegoer can only watch a film after buying a ticket. Since reform and opening up, China's cultural markets have been rapidly developed. The existence and development of cultural markets have become an eye-catching fact and deeply influenced the development of China's cultural undertakings. If this fact is not denied, we should concede that the vast majority of cultural products in China at the present stage do possess commodity property. This is because they not only possess the value and use value of ordinary commodities, but also participate in circulation and exchange in cultural markets.

Meanwhile, cultural products are different from ordinary commodities and have their own particularity. This can be observed from the following aspects: First, the creation of cultural products is different from that of material products. Strictly speaking, the production of commodities is entirely for the purpose of exchange; whereas genuine artistic production—though it may objectively have been prompted by an exchange element—is basically the artist's enthusiastic, personal creation and the vivid realization of the strength of his innate character. Marx said it well: "Once the poets begin to use poems as stepping stones, they lose the right to be called poets." (*Complete Works of Marx and Engels*, Vol 1, p 87) Second, it is impossible to calculate the labor time needed to produce cultural products in the way labor time for material products is calculated. Marx pointed out: "Under certain production conditions, it is possible to know exactly how many workers and how much labor are needed to make a table. It is a totally different matter for many 'non-material products'. Here, the amount of labor needed to achieve certain results and the results themselves are pure guesswork." (*Complete Works of Marx and Engels*, Vol 26, p 276) It is difficult accurately compare the labor time required for two artists to create the same piece of work. The creation of a genuine objet d'art not only crystallizes the creator's living experience, wisdom, and artistic skills, but also reflects his personality. The creation is subject to such constraints as the creator's living, physical, psychological conditions, and actual living environment at the time of creation. The creation cannot be duplicated; it defies standardization and mass production. Third, in the economic sphere, the more a commodity economy develops, the more the need to abide by the equal-exchange principle. But, it is difficult to conduct a genuine equal exchange for cultural products

on a large scale, even in countries with a developed commodity economy. Marx said Milton's urge "to write *Paradise Lost* is like that of a silkworm wanting to spin silk." (*Complete Works of Marx and Engels*, Vol 26, p 432) But Milton was paid only five pounds for his painstaking work. Beethoven spent his life composing a vast repertoire of beautiful sonatas, but he only got 30 to 40 ducats for his trouble. He remarked: "I almost have to go begging." Many cases of unequal exchange still exist in China. For instance, while authors of some high quality academic or literary works get little in return, hack writers of romances and potboilers are richly rewarded. While a composer might get less than 100 yuan for a song he composed, a pop singer who belts out the composer's song may get several thousand yuan in just one performance. Fourth, the difference between material and cultural products lies in consumption value. The consumption value of daily commodities has the same function of meeting different consumers' demands, which enables consumers to form the same criteria for judging the value of commodities as well as for commodities to compete on the market on a completely equal footing. On the other hand, cultural products' consumption value is closely related to consumers' subjective views. As cultural products have much to do with people's consciousness, consumers with different positions, views, and educational levels, form different criteria over the consumption value of cultural products. It has been pointed out by some comrades that people read *Dream of the Red Chamber* for different purposes. Some see the novel as an exposition of the law of social development and a record of the history of the rise and fall of a society; others learn the art of courting from it; still others read it as a pornographic work.

Under present historical conditions, most of China's cultural products possess both a commercial and noncommercial nature. They possess a commercial nature because as commodities they have to compete on the market and meet consumers' demands. They also possess a noncommercial nature, because as spiritual products they have special characteristics which are distinct from material products. It is inappropriate to only stress the commodity nature of cultural products, or to only trumpet the special characteristics of cultural products through a complete negation of their commodity nature.

Knowing cultural products' dual nature and making good use of this difference is not only very important in dealing with many complex cultural issues now facing us, but will also help us devise corresponding measures to solve the issues by taking into consideration the double nature of cultural products in the course of reforming the cultural undertakings management system.

### 3. How To Correctly Handle the Relationship Between Cultural Products and the Market

As the overwhelming majority of cultural products have the attributes of a commodity, we cannot afford to ignore the market's existence and we must pay attention to meeting its needs. Meanwhile, we should consider the characteristics of art production and respect its laws so

cultural products can always preserve their vivid artistic character. If we cater to market needs simplistically and mechanically, and neglect the inherent requirements of artistic development, the cultural market will become chaotic or bleak.

As cultural products are the creation of complex spiritual labor, their rise or decline, success or failure, cannot be determined entirely by market rules. Not only is this true for cultural products, but also for certain material products as well. For example, the production of narcotics should not be based on market choice. In capitalist society, a considerable number of hard-pressed artists have produced commodities solely for the market; as a result, the cultural market has been flooded with products on homicide, violence, and sex. This is an important factor contributing to the cultural crisis in the West. Even the Western world today cannot count on its market alone to regulate art production. It too has to support or restrict certain artistic works through laws, taxation, state allotment, or groups. China is a socialist country where cultural and artistic production is part of the construction of a socialist spiritual civilization, and it should dedicate its best spiritual products to the people. If cultural products are entirely chosen by the market, under certain social and historical conditions, harmful "cultural trash" will inundate the market and poison the people. This is absolutely impermissible. Our regulation and control of cultural products and cultural markets through such means as laws and policies should be more direct and forceful.

To enable cultural products to meet market needs, we should also have a proper perspective of the relationship between long-term cultural development and short-term consumption. Cultural construction is a long historical process requiring long-term accumulation. While many basic constructions may look unimportant for the time being, they will gradually demonstrate their important strategic significance after a long period. Certain cultural markets, however, have placed much more emphasis on goods for short-term consumption. In a sense, this is understandable; however, if there is no proper guidance, the situation may upset the overall balance of cultural development and adversely affect the healthy development of our cultural undertakings.

#### **4. How To Look Upon the Different Situations and Requirements of Refined and Popular Literary and Artistic Works on the Market, and the Countermeasures We Should Adopt**

In a new situation marked by the commodity economy's surging tides, we have discovered that the circumstances of the existence and development of popular and refined arts are diametrically different. This is an eye-catching phenomenon in the development of culture and arts. The superiority and vitality of the commodity economy have been quite fully demonstrated in the production and circulation of popular arts, which are like fish enjoying water or people enjoying the spring breeze. In sharp contrast, the development of refined arts has been difficult

and their circumstance extremely bleak. I think we should have a relatively comprehensive understanding of this situation.

It should be pointed out that the considerable number of wholesome, suitable artistic works for popular consumption that were published since China started implementing the policy of reform and opening up have had a positive effect in promoting the stability and all-around progress of society; promoting a flourishing socialist culture; enriching the cultural market; and meeting the people's diverse needs for cultural products. However, there have indeed been popular works that are harmful. Some of them are vulgar and devoted to advertising unwholesome lifestyles and ideas while others are used by people as a vehicle to vent their discontent about society. We must be soberly aware of this. As for the development of popular art itself, the question that needs to be addressed is: How can we guide and raise its standards? Countless examples in the history of art—in China and elsewhere—have told us that many refined arts have their roots in popular art. This is true of many of the works in early Renaissance Europe; this is also true of many Chinese classics, including *The Water Margin* and *Romance of the Three Kingdoms*. Given today's breakneck development of popular arts, we must pay close attention to the following two points: First, constantly improve the legal system, strengthen management according to law, and resolutely prevent harmful things from growing and spreading. Second, do a better job in providing guidance. This includes training for artists and other personnel involved in cultural undertakings, greater self-discipline in relevant industries, and a strict reward-and-punishment system to encourage the good and punish the harmful so that our popular arts will truly develop and flourish along wholesome and progressive lines.

Refined arts, as opposed to popular arts, reflect a nation's cultural achievements and civilization. They represent the result of years of cultural accumulation and development, mental activities at deeper levels, and a higher crystallization of an artist's creativity and passion. They are the most valuable part of a nation's culture and world civilization, and major hallmarks of a rational society. A good, refined work of art should integrate the fine tradition of a given culture and the best of imported cultures. The dilemma facing our refined art today has something to do with the system, which has been in use for years, for cultural undertakings management; it also has something to do with the development of refined art itself and public acceptance. As I see it, the development of refined art and the avenues for its blossoming are also undergoing changes. We will not be able to solve any problems if we take a wait-and-see or even pessimistic attitude. Rather, we should, by means of deepening reform, inject vitality into refined art and establish a mechanism for enhancing its self-development. Some people suggested that, in addition to reforming the internal management systems, we should find the optimum point of convergence between refined and popular arts. This idea is truly edifying. Is there room for improvement—in terms of making art works appealing to both the more and less cultured, and

winning popularity among the general public—for our refined art works? The Strauss Festival Orchestra from Vienna, which recently toured Beijing, invoked a strong response from the audience. It burst into thunderous applause after hearing the “Polonaise,” and the charming melody of the famous “Blue Danube” waltz brought down the house. In my view, this ability to appeal to all tastes is the charm of the best refined arts. What I want to say is: If we bear the public and market in mind, we are then better prepared to make our fine arts more oriented toward consumers. We certainly should not do so merely for the sake of economic survival or to cater to the tastes of the marketplace. The development of our refined arts will receive, now and in the future, support from the state and society. Its principal goal is not to create economic benefits, rather, it is to create more fine pieces of national art that reflect our times. Therefore, insofar as refined art is concerned, the state must, first provide support; second, society must subsidize it; and third, artistic circles must constantly rejuvenate themselves. Refined and popular tastes meet cultural needs of people of different levels with different tastes. Under the current historical conditions, as they differ in characteristics, functions, and levels, and in the parts they play in meeting the people’s cultural needs and in building socialist spiritual civilization, the circumstances and requirements for refined and popular arts in market operations are also different. Therefore, we should exercise guidance and provide direction, and, depending on the circumstances, set different administrative requirements and formulate different policies so that refined and popular arts will promote one another and thrive side by side toward the lofty goal of creating fine art suitable for all tastes. The flourishing commodity economy and a developing socialist market economy have created a fine environment for the flourishing development of popular arts; they have also opened up, in a fundamental sense, a path for the development of refined art.

##### **5. How To Treat the Relationship Between the Social Benefits and Economic Results Produced by Art**

Since most cultural products possess dual properties under socialist market economy conditions, we shall inevitably face the issue of the two kinds of beneficial results produced by art and their relationship.

For a certain period of time in the past, considerable differences existed in most comrades’ understanding of social benefits and economic results. Some of them thought social benefits conflicted with economic results. I read an essay in a newspaper poking fun at social benefits and economic results. It compared the one to a cock crowing and the other to a hen laying eggs, and said it is impossible to have a chicken that can crow and lay eggs, thereby pitching one against the other. Some others equated one with the other, maintaining their connotations are identical. In fact, beneficial political results are included in social benefits. Besides, beneficial results gained from understanding through education, intellectual knowledge, appreciation of entertainment, and cultural accumulation and development are also important aspects

of social benefits. The two erroneous understandings mentioned above are precisely the obstacle in our minds that prevents us from integrating social benefits with economic results.

The commodity property of cultural products makes it necessary for them to cater to the market. Thus, attention has to be paid to economic results. Herein lies the issue of cultivating a market sense as well as one of beneficial results. However, as producers and managers of socialist art, we must attach importance to the orientation of the value of spiritual products and strive to create the best social benefits while creating the best economic results.

The relationship between social benefits and economic results is a very complicated issue. There is indeed an aspect of unity between the two. The more reading public and audiences a work attracts, the more economic results it will produce; and the more economic results it produces, the greater social benefits it will achieve. In this sense, the importance we attach to economic results means the importance we attach to social benefits. Thus, economic results become the bridge and intermediary for us to achieve social benefits. However, there is indeed also an aspect of mutual deviation between the social benefits and economic results of art production at the present stage in our country. It is mainly manifested in the fact that, in most cases, whether social benefits are good or bad is not in direct proportion to economic results; on the contrary, the one is sometimes in inverse proportion to the other. When the sales volume of some works that possess high aesthetic value and, therefore, have good social benefits drops, their economic results will be relatively low. When some pieces that have low aesthetic value or are even pornographic enjoy a large sales volume, their economic results will be relatively large. Under the circumstances, the producers’ earnings deviate from social benefits. The more their producers’ earn, the greater their harm to society. Viewed from the perspective of development trends, the extent of unity between social benefits and economic results will become increasingly higher as the building of spiritual civilization is strengthened, and the quality of thinking and general education of the masses is improved. However, because the quality of people’s thinking and general education as well as the general mood of society are not ideal at present, divorce and even deviation between social benefits and economic results will exist for a protracted period of time. Such a situation demands us to conscientiously implement the requirement specifically raised by Comrade Deng Xiaoping: “The departments in charge of ideology, culture, education, and public health must look upon social benefits as the only criterion for all activities, and their affiliated enterprises must also regard social benefits as the highest criterion. It is necessary for ideological and cultural circles to turn out more good spiritual products.” (revised and enlarged edition of *Building Socialism With Chinese Characteristics*, p 125) As spiritual products, literary and art works must definitely uphold social benefits as the highest criterion. Under this prerequisite, we must set appropriate demands on economic results, and make efforts to integrate social benefits with the economic results of literature and art.

We should be aware that the establishment of a socialist market economy system has created a favorable condition for us to achieve unity between social benefits and economic results in a better way. This is because the market economy is an economy that stresses benefits and strives for ultimate achievement of the value of benefits. As soon as cultural products are marketed, economic results become one of the important goals of producers and consumers. This gives no cause for criticism. Meanwhile however, since we are striving to develop a socialist market economy, we must turn out cultural products under the prerequisite of their being conducive to the building of socialist spiritual civilization, and we must not only achieve economic results but also pay attention to their social benefits. In other words, the demand set by the socialist market economy on our production of cultural products is to achieve unity between social benefits and economic results. It is like the two legs of a man, the two wheels of a bicycle, and the two wings of a bird. Literary and art workers are called "engineers of the soul of mankind" for their duties, and not merchants who are bent solely on profit in a capitalist society. So, when we are engaged in literary and art creation, we should not only pay attention to market demand, but should also keep our duties in mind and strive for "excellence." We are not opposed to production of recreational audio-video products, but we should do more to promote the production of some audio-video products of high grade and good taste which will yield long-term benefits to society, and to literature and art. In particular, we should produce some excellent classic or folk literary and art works, even if they will not earn a profit; this will be of boundless beneficence. However, our general goal remains to achieve both social benefits and economic results simultaneously; and this is not impossible. If we say the perfection of art is to suit both refined and popular tastes, then the perfection of cultural products should simultaneously achieve social benefits and economic results.

A clear understanding of the relationship between the two will enable us to manage to achieve both simultaneously, and reform the cultural undertakings management system in an active, proper, and controlled way. Meanwhile, a clear understanding of the relationship between the two will also enable us to have a comprehensive and scientific understanding of the functions of literature and art. Comrade Zhou Enlai's proposition on "making education dwell in recreation" is precisely an organic integration of the educational function and the recreational function of literature and art. When the two functions are integrated, the two benefits will also be integrated organically.

#### **6. How To Further Improve the Management of Cultural Work**

The establishment of a socialist market economy creates both an opportunity and a challenge to our efforts to make the management of cultural work truly scientific, institutionalized, and standardized. We are now in a brand new situation in which new contradictions keep emerging before old problems are solved. It is unavoidable for us to be perplexed, have misgivings, and be unable to adapt

ourselves to the new situation, but we must not keep ourselves in a state of inertia. We should work under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, assume an active attitude to meet the challenge, and improve the management of our cultural work.

The 14th national party congress pointed out: "On the issue of spiritual civilization, the emphasis should be put on building it." For this reason, we should actively provide positive guidance, based on investigation and study in consideration of present realities. On the one hand, we should persistently provide correct media guidance. In particular, we should apply Marxist literary and art critique in newspapers, journals, books, radio and television broadcasts, and films to pave the way for the development of socialist literature and art. On the other hand, we should cultivate a sound and vigorous market for socialist culture and strive to bring its positive role into maximum play while curbing its negative effects, so that the management of our cultural work will gradually be adapted to social changes and truly modernized.

Here, special attention should be paid to the fact that with the fundamental change in our country's economic structure, the old management methods are no longer suitable for rapidly changing realities. To meet the market economy's needs, which in a certain sense is an economy governed by law, we should make an historic change in the management methods as soon as possible. In other words, we should enhance our sense of law in the management of cultural work and constantly promote legislation to provide effective legal protection to the thriving socialist culture. In his report to the 14th national party congress, Comrade Jiang Zemin emphasized: "All due attention should be given to the legal system." We should take this emphasis as guidance, put the management of cultural undertakings onto the track of the legal system, "govern cultural undertakings by law," and create a good legal environment for cultural development. Laws and regulations are binding, authoritative, stable, and scientific. Legal means are more effective than administrative means in the management of cultural undertakings. It will help free the cultural administrative department from trivial matters and enable the department to concentrate on major issues, such as studying important policies, formulating strategic plans, making overall work arrangements, strengthening macro-control, and paying attention to inspection and supervision. In the management of cultural work, in the past we were like a first-aid team treating only the symptoms not the disease, and had too many things to take care of at the same time. Today, the establishment of a market economy has fundamentally provided us with new thinking with respect to solving the problem once for all by deepening reform. The new thinking calls for relying completely on cultural legislation to turn passive management into active management. Only in this way can we curb and reduce the profit-before-everything phenomenon and its harmful consequences in the cultural market, and resist or even ban the "intellectual garbage" which corrupts people's minds.

At the same time, we should take full advantage of the positive role of economic leverage to exercise macro-control of literary and art production. How to formulate and improve cultural economic policies and legislation is a new task with respect to making the management of cultural undertakings scientific, institutionalized, and standardized. Cultural development must serve the central task of economic construction, and provide an ideological motive force and intellectual support to the latter. Cultural undertakings need a certain degree of economic support. Particularly at present, when the cultural market is not yet adequate, some cultural undertakings and consumption are behavior without a long-term goal due to eagerness for quick success and instant benefit, as well as the spontaneous tendency of the market. If we overcome such short-term behavior with macro-planning and economic leverage, cultural development will likely be guided onto a track of rational and coordinated development. For many years, we have repeatedly emphasized the need to formulate a rational cultural economy policy. Its purpose is to adopt different investment and taxation standards for cultural products of different categories and varieties, so as to support the production of some cultural products which we advocate and which do not yet have competitive power on the market. For instance, we should adopt preferential investment and taxation policies for creations of a high artistic level; and our economic policy should encourage the production of "intellectual products which have healthy educational contents and artistic charm, and particularly those which sing the praises of reform, opening up, and modernization." In short, a sound cultural legislation and rational cultural economic policy will be two important indicators of modernization in the cultural undertakings management system.

In addition, we should make efforts to change government functions through deepening of reform. The cultural administrative department should actively explore ways to change its functions from micro-management to macro-management, and from running cultural undertakings to supervising cultural undertakings run by the general public.

In order to truly make the cultural undertakings management system scientific, institutionalized, and standardized, it is necessary for all quarters and all levels to make concerted efforts. So long as we share the same objective and work with one heart and one mind, we will constantly make progress in approaching the objective, improve cultural management, and bring about a new prosperity of literature and art.

#### Minority Nationality Literature Flourishing

OW2209035793 Beijing XINHUA in English 0100  
GMT 22 Sep 93

[Text] Yinchuan, September 22 (XINHUA)—With the development of the economy and culture in China's ethnic minorities' areas, minority nationalities' writers have become an important part of contemporary Chinese literature, leading literary critics here said.

Some 53 of the 55 minorities in China now have their own writers, though many of them had not even developed a written literature before the 1920s.

By early this year, these writers now number 430 members in the Chinese Writers' Association. And the Association of Minorities Writers has 2,000 members.

From the 1930s to today, distinguished writers among this group have contributed greatly to the richness of Chinese literature. They include Lao She (Manchu), Shen Congwen (Miao), Xiaogan (Mongolian), Zhaxi Dagwa (Tibetan) and many others.

In the 1980s, such ethnic literature saw a sharp rise both in the number of works and their quality.

In the past decade, minorities writers have published more than 1,000 books of poems, novels, essays and plays, many of which have won national awards.

The works of ethnic writers have explored the depth and width of the history and modern life of the national minorities and added to the flourishing of contemporary Chinese literature.

#### Science & Technology

##### Jiang Visits Jiangsu Science, Technology Exhibition

OW2009091293 Nanjing XINHUA RIBAO in Chinese  
23 Aug 93 p 1

[Report by Xu Zhenning (3338 7201 1337): "Care and Hope—General Secretary Jiang Zemin Visits Exhibition on Jiangsu's Torch Project Achievements"]

[Excerpts] Beijing, 21 Aug (XINHUA RIBAO)—"This is a no-contact [wu chu dian 2477 6051 7820] spark plug. How are production and sales progressing?" This was the question asked by General Secretary Jiang Zemin—who, glowing with health and radiating vigor, visited the national exhibition on the achievements of the Torch project and stopped at the Yangzhou Booth at about 2000 on 21 August—when he saw the device, a product of the Taihang County astronautics instruments plant.

An attendant enumerated in great detail the product's good points and said it sold well. General Secretary Jiang was delighted and commented "very good, very good" when told that the new spark plug was more resistant to fire and friction and caused less pollution when compared with other spark plugs widely in use in China, and that it was compatible with many models of car manufactured by the No. 1, No. 2, and Nanjing Automobile Plants. Correcting a small error in the attendant's introduction, Jiang said: "It is designed in accordance with the Hall Effect Theory, not Hall Theory." The attendant nodded his head in surprise. [passage omitted]

General Secretary Jiang Zemin was very interested in the high-tech products. As he stood in front of the score and more exhibition stands from Jiangsu Province, his expression was that of a man who had a strong wish to achieve

national rejuvenation through science and technology. At 2006, General Secretary Jiang Zemin went to the Zhangjiagang city exhibition stand. An official of the State Science and Technology Commission showed the general secretary a table of codes [biao xing ma 5903 0992 4316] of Zhangjiagang's Aiwen Computer Company. General Secretary Jiang picked up an manual and leafed through it. He asked: "How long would it take to learn?" Manager Li of the company answered: "About a day. Two hours for a quick learner." General Secretary Jiang nodded his head with satisfaction.

At about 2010, General Secretary Jiang Zemin left the Jiangsu provincial delegation amid warm applause from a crowd reluctant to see him leave. The 10-minute stop has imperceptibly deepened the Jiangsu people's sense of responsibility—and boosted their confidence—for rejuvenating their province through science and technology.

### Opening of Shanghai Technology Fair Reported

OW2109055293 Beijing XINHUA in English 0221  
GMT 21 Sep 93

[Text] Shanghai, September 21 (XINHUA)—A total of 2,000 projects and products are on show at the '93 China Technology Fair, which opened here Monday.

According to an official of the Ministry of Foreign Trade and Economic Cooperation, the projects mainly cover the power, electronics, machine-building, building materials, chemicals, textiles, aerospace and light industries as well as agriculture and the environment.

On show are also medical apparatus and instruments combining Western medical technologies with traditional Chinese medicine techniques.

The technologies and products on show are from local enterprises, foreign-funded firms and scientific institutions in 29 provinces, municipalities and autonomous regions.

This is the second such fair held in Shanghai. The first was held in 1991, at which 259 technology contracts were signed with overseas firms, worth a total of 230 million U.S. dollars.

Shanghai, the biggest industrial city in China, exports technology worth about 200 million U.S. dollars each year.

### Xichang Center To Launch Three Foreign Satellites

HK2209153993 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0953 GMT 12 Sep 93

[By correspondent Meng Lingjun (1322 0109 6511) and reporter Zhou Shufan (0719 2579 0416) ]

[Text] Xichang, 12 Sep (ZHONGGUO XINWEN SHE)—A responsible official from China's Xichang Satellite Launching Center has told ZHONGGUO XINWEN SHE that the center would launch three foreign satellites and affirmed that the relevant preparations were being intensively carried out.

Since 1984, the Xichang center has launched 12 satellites of different types into space and has provided satellite launching services for Pakistan, Australia, and Hong Kong.

The Xichang Satellite Launching Center plans to launch three foreign satellites next year: Australia's "AUSSAT [ai xing 1947 2502] B2," Asia-Pacific Company's "Yatai [ya tai 0068 1132] 1" and "Yatai 2," all of which are communication satellites.

The Xichang satellite center began the relevant preparations early this year. At present, the project of transforming the adaptability facilities to enable them to launch foreign satellites has been basically completed.

### CAS-Affiliated Science University Reorganized

OW1809064193 Beijing XINHUA in English 0613  
GMT 18 Sep 93

[Text] Beijing, September 18 (XINHUA)—The Chinese University of Science and Technology is regrouping itself in order to be listed in the next century as one of the strongest universities in the world.

The Chinese Academy of Sciences (CAS)-affiliated university, which will celebrate its 35th anniversary on September 20, is entering its "third inauguration", according to CAS President Zhou Guangzhao.

The school was founded in 1958 in Beijing and rebuilt in 1970 in Hefei, in southeast China's Anhui Province.

"CAS supports the university's effort to become a world-renowned school," Zhou addressed the school staff recently.

The university has a special place in New China, not only because of its hybrid of general education and science, but also because of its scientific and reform mindset, which has helped it to win extraordinary notices in several cases.

The university has been recognized by China as one of the four best-known universities in the country. Famous scientists serving as professors in the university have included Qian Sanqiang, China's father of the atom bomb, and Qian Xuesen, China's greatest aerospace scientist.

Wang Yongmin, one of the school's graduates, is the first man to successfully adapt Chinese characters to the computer.

The university possesses perhaps the youngest tandem of teachers in China: A 29-year-old professor and a 26-year-old associated professor. Other teachers average 45 years of age.

### New Optical Fiber Telecommunications Cable Operational

OW2209092393 Beijing XINHUA in English 0851  
GMT 22 Sep 93

[Text] Nanjing, September 22 (XINHUA)—A ceremony was held today in Nanjing, the capital city of east China's

Jiangsu Province, to officially start the operation of the Beijing-Jinan-Nanjing optical fiber telecommunications cable.

Starting from Beijing, the Chinese capital, the 1,444-km-long cable line runs across 37 cities and counties, including Tianjin, Cangzhou, Jinan, Xuzhou, Bengbu, Hefei and Nanjing.

The line is the first China-made long-distance cable of the kind, and is up to advanced world standards of the 1980s.

The cable has a capacity to carry 20,000 trans-provincial lines and 25,000 local lines.

It is connected with the national network of trunk cable lines.

#### **Institute Develops New Synthetic Aperture Radar**

*OW1809212293 Beijing XINHUA Domestic Service in Chinese 2111 GMT 4 Sep 93*

[By reporter Qin Chun (4440 2504)]

[Excerpt] Beijing, 5 Sep (XINHUA)—Relying on its resourceful engineering technologies and basic research facilities, the Institute of Electronics under the Chinese Academy of Sciences has worked hard in studying advanced and sophisticated subject matters which are of overall, strategic, and direct importance. The institute has achieved remarkable results in the study and application of synthetic aperture radar [SAR]—a result which not only reaches international advanced levels but shows vast vistas for SAR application.

SAR is an advanced active microwave remote-sensing apparatus. By adopting synthetic aperture technology in azimuthal orientation, and mostly pulse compression technology in range-bearing, SAR is able to produce high-quality two-dimensional radar pictures. SAR is also equipped with important features such as all-time and all-weather capability, strong penetration power, and high resolution power, which explain why it is far superior than other remote-sensing apparatus like optical and infrared remote-sensing devices. According to foreign experts, the 1990's is a period for a major breakthrough in space-to-earth observation technology; satellite-loaded SAR's will be one of the major development projects for remote-sensing technology in the 1990's. [passage omitted]

### **Economic & Agricultural**

#### **Steps To Control High Inflation Reviewed**

*HK2209015293 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1002 GMT 12 Sep 93*

["Special article" by reporter Si Liang (1835 5328): "Mainland Takes Early Precautions To Alleviate High Inflation"]

[Text] Hong Kong, 12 Sep (ZHONGGUO TONGXUN SHE)—It has been more than two months since the central authorities implemented macroeconomic regulation and control to improve the overheated economy proceeding

from rectifying the banking order. All sorts of phenomena have shown that initial results have been scored in macroeconomic regulation and control. For example, outstanding problems that surfaced in economic operations such as dwindling savings deposits, loss of control over loan scope, excessive issuance of banknotes, and a crisis in bank payments have initially been alleviated, the exchange rate of the renminbi tends to be stable, and the craze for real estates and development zones has cooled off somewhat. Generally speaking, however, there is still a long way to go to achieve the goal of success of macroeconomic regulation and control, and there are still many difficulties, especially in stabilizing prices. Viewing the markets in various places, the release of the potential inflation pressure has markedly accelerated, and the continuous increase in prices is the highest over the past five years; thus the price rise situation has become stern.

Because of the high rate of investment and excessive input of banknotes, inflation in China was aggravated in the first six months of the year compared with the same period last year. The retail price index across China rose by 13.9 percent in June, and the cost of living index of workers and staffers in 35 large and medium cities increased by 23.3 percent. In the first six months of the year, rural price rises gradually accelerated, too; in April and May, the rural retail price index rose by 11.4 percent and 12.7 percent respectively over the same period last year, higher than the urban price rise index; especially prices for production materials went up by 12.3 percent. Today, 28 provinces, autonomous regions and municipalities, and some 2,000 counties have lifted restrictions on purchasing and marketing prices for grain and oil; and prices for over 90 percent of consumer goods and over 80 percent of production materials are determined by market demand and supply. Under the circumstances that restrictions on prices have been lifted in an almost comprehensive way today, the inflation rate is at two digits. Should inflation fail to be checked but continue to rise, the inflation situation in the second half of the year would even be sterner according to the prediction of such authoritative departments in China as the state information center, and the inflation rate in the second half of the year would possibly be higher than that of the first six months of the year; the average annual inflation rate across China would possibly could rise to 12 percent, greatly exceeding the level of 5.3 percent last year.

The price issue has always been a sensitive one in economic and social life on the mainland. Should prices rise too high and too fast, the value of banknotes in people's hands would greatly shrink, and inevitably lead to psychological unease in society along with the rise in the tendency of purchasing for the sake of value preservation. CPC top echelons have promptly seen the seriousness of the problem and stressed that maintaining the basic stability of the general price level was an important goal for macroeconomic regulation and control, while adopting some necessary measures one after another. On two occasions, mainland authorities raised bank interest rates, in May and July. In early August, a national discussion meeting was held for directors of price bureaus, requiring various places to apply more economic and legal means.

while supplementing them with necessary administrative means to check the excessive rise in the general price level, and instructed large and medium-sized cities to lay stress on stabilizing prices for non-staple foods, grain, and fuels, and to implement rural price policies as the key. The national work conference on examination of tax collection, finance, and prices called in mid-August made specific arrangements for the examination this year. Recently, the State Council issued a circular to various places stressing that prices should be "frozen" for this year and introduction of reforms involving prices should be halted. Macroeconomic regulation and control has been further augmented over investment in fixed assets, which was one of the major causes leading to inflation. In this context, the State Council approved and relayed a seven-point stipulation by the State Planning Commission not long ago.

It is believed that no major economic fluctuation and political difficulty will surface over the high inflation problem surfacing as a result of the collision and friction between the new and old structures on the mainland, so long as the authorities keep the situation under control appropriately. However, the process of resolving the price issue will not be smooth sailing.

#### **Central Bank Decides To Relax Credit Control**

*HK2209023093 Hong Kong MING PAO in Chinese  
12 Sep 93 p B2*

["Special article" by special reporter Lu Wan (7627 1238): "Central Bank Is To Relax Control in a Bid To Ease Fund Supply Crisis Resulting From Macroeconomic Regulation and Control"]

[Text] According to reliable information, in the face of the daily worsening common phenomenon in various localities that factories suspend production and owe one another debts resulting from the shortage of circulating funds since macroeconomic regulation and control were strengthened, the central bank decided the other day to appropriately relax credit controls by granting loans of 10 billion yuan or more to factories in various localities in the near future as circulating funds to enable them to resolve their immediate problems.

The information discloses that although the sum of money is "insignificant" to the various localities, it will help alleviate fund shortages in such localities as Jiangsu, Liaoning, Jilin, Heilongjiang, and Sichuan where some factories have suspended operation or production.

An authoritative person of the central bank said: The strategy of macroeconomic regulation and control put into practice since July has succeeded in stabilizing the renminbi exchange rate with foreign currencies. Savings have increased, the messy banking situation has been held in check, and the real estate fever has basically subsided. The strategy has produced preliminary results. However, some problems have surfaced in the course of macroeconomic regulation and control. Some have come along with the measures, and others have surfaced unexpectedly.

It is said: Since it is still popular that the "central authorities come up with measures and local authorities come up with countermeasures," the central authorities have decreed that all loans indiscriminately made be recovered in their entirety. But they have failed to recover the money invested in development areas and in real estate projects. Fearing that they may lose their jobs, bank officials at all levels are thinking of ways to collect funds. They would recover money without making loans or recover more money and make fewer loans to report "good results" to the central authorities.

In this way, enterprises cannot get loans and circulating funds have sharply decreased to the point of "naught." Therefore, some have suspended production or are unable to operate. Some press on by having production half-suspended. Some simply borrow money from sister units or delay in pay for the goods of other enterprises. As a result, a "chain of debt" of over 10 billion yuan has arisen.

On 20 July, the State Council sent 10 minister-led investigation teams to conduct investigations and studies in 20 provinces, municipalities, and autonomous regions across the country. Twenty investigation reports have now been prepared and will be given to the central authorities.

When the investigation teams found the above situation, they immediately suggested methods to tackle it, and they have been approved by the State Council.

It is rumored: State Council Vice Premier Zhu Rongji made a special visit to Nanjing in early August where he called the "Nanjing meeting," participated in by senior officials of Jiangsu, Zhejiang, and Anhui, to listen to reports. He then immediately decided that the three provinces be given loans ranging from several million yuan to over one billion yuan. After analyzing the problems, Zhu Rongji felt they were serious and held that if they were not resolved immediately, the 1989 "program of rectifying the economic order" would be repeat. Therefore, he decreed relaxing credit control to resolve problems with enterprises.

The present situation is that the textile, engineering, and coal industries are in an extremely bad position. They are short of funds and raw materials and are making serious losses. Over one million staff and workers have half suspended their work. In Jiangsu alone, over 200,000 workers have suspended work or production. Large and medium-sized enterprises in the three provinces of the northeast and in Sichuan's Chongqing city are hard-hit and encountering numerous difficulties.

According to statistics by authoritative departments, since July, banks have recovered over 7 million in funds which were lent indiscriminately. But a very small part of the recovered funds are money squeezed out of loans for enterprises which were otherwise used as circulating funds. In other words, regional banks have not recovered funds that were lent indiscriminately. Rather, they have not granted loans that should be used as circulating funds for factories, artificially "strangling various industries."

According to an analysis by some economic experts, banks have not corrected the mistakes made, but have made yet another mistake. If the problem is not properly tackled, it will be difficult to stop the messy banking situation or remove banking malpractices. Only by seriously coping with the messy situation according to regulations can the messy banking order be rectified.

Authoritative persons of Beijing's financial circles maintain: Relaxing credit control and offering 10 billion yuan or even tens of billions of yuan is merely an expedient measure like a person who takes an antipyretic when he has a fever. The radical cure is to reform the old banking system. People say that the financial and banking sectors are the last fortresses of China's planned economy, that it should not be long before these fortresses are captured, and that it is time to carry out major financial and banking reform.

From one aspect, the negative effects arising in macroeconomic regulation and control prove the importance and urgency of banking system reform.

#### **Interim Procedures Against Securities Fraud**

*OW2209013493 Beijing XINHUA Domestic Service in Chinese 0032 GMT 3 Sep 93*

[Interim Procedures for Prohibiting Securities Fraud, approved by the State Council on 15 August 1993 and promulgated by the State Council Securities Administration Committee on 2 September 1993]

[Text] Beijing, 3 Sep (XINHUA)— Article 1. These Procedures are drawn up to prohibit securities fraud, uphold securities market order, and protect investors' legitimate rights and interests as well as social and public interests.

Article 2. Securities fraud referred to in these Procedures includes such acts as insider trading, market manipulation, customer deception, and misrepresentation in securities issue and trading and related activities.

Article 3. All units and individuals are prohibited from using insider information to carry out securities issue and trading aimed at making profits or reducing losses.

Article 4. Insider trading referred to in these Procedures include the following acts:

1. Insiders' using inside information to buy or sell securities, or using inside information to advise others' to buy or sell securities;
2. Insiders' leaking inside information to others who then use that information to carry out insider trading;
3. Non-insiders' obtaining inside information through improper means or through other channels and using that information to buy or sell securities or advise others to buy or sell securities;
4. Other acts of insider trading.

Article 5 Inside information mentioned in these Procedures refer to major information that is known to insiders, but has yet to be made public and may affect prices on the securities market.

Major information referred to in the preceding clause includes:

1. The securities issuer (hereinafter abbreviated as "issuer") makes an important contract which may have a marked effect on the company's assets, liabilities, rights and interests, or business performance, or on more than one of above;
2. The issuer's business policy or scope undergoes major changes;
3. The issuer carries out major investment or purchases long-term assets of significant monetary value;
4. The issuer incurs major debts;
5. The issuer commits a breach of contract by failing to repay a major debt at its due date;
6. The issuer incurs significant operational or nonoperational losses;
7. The issuer suffers a major loss of assets;
8. The issuer's production and operation environment undergoes major changes;
9. State policy changes that may have a marked impact on prices on the securities market;
10. Change of the chairman of the board of directors, more than one third of the directors, or the general manager of the issuer;
11. Every instance in which a holder of more than five percent of the total volume of common stocks issued to outsiders by the issuer, increase or decrease its stockholding by more than two percent of that total volume.
12. The issuer's plan to distribute bonus dividends or to increase capital by issuing new shares;
13. Major litigations involving the issuer;
14. The issuer enters a state of bankruptcy or liquidation;
15. Alterations to the issuer's constitution, registered capital, or registered address;
16. Check dishonoring by the bank which involves a large sum equivalent to more than five percent of the check holder's working capital, as a result of the issuer's inability to honor payment.
17. The issuer changes the accounting firm which audits its accounts;
18. Major changes in the issuer's debt guarantees;
19. Stock reissue;

20. The collateralization or sale of a major asset used in the issuer's operation, or a single write-off of more than 30 percent of that asset's value;

21. The issuer's directors, supervisors, or senior management personnel's possible liabilities for major damages under the law as a result of their acts;

22. The nullification of the decisions of the stockholders' meeting, board-of-directors meeting, or board-of-supervisors meeting of the issuer in accordance with the law;

23. The decision of securities supervision and management departments to ban major shareholders wherein the issuer has stockholding rights from transferring their shares;

24. The issuer's acquisitions or annexations;

25. The issuer's mergers or divisions;

26. Other major information.

Inside information does not include open information and materials used in the forecast and analysis of the stock market.

Article 6. Inside personnel mentioned in this procedure refers to those who may come into contact with or obtain inside information because they hold issuer shares; who work as directors, supervisors, and high-ranking management personnel in the issuer's companies or companies closely linked to the issuer; who hold membership status and management, supervisory, and professional positions; or who perform their duties as employees and professional advisers. These people include:

1. Directors, supervisors, high-ranking management personnel, secretaries, typists, and other staff of the issuer who may come into contact with or obtain inside information while performing their duties;

2. Professional personnel such as attorneys, accountants, asset appraisers, and investment advisers employed by the issuer; management and operations personnel of securities organizations; or other personnel who may come into contact with or obtain inside information because of their business operations;

3. Personnel who may exercise certain management or supervisory rights over the issuer in accordance with the stipulations of laws and regulations. These include staff of the securities supervision and management departments; personnel of the issuer's responsible departments and personnel of the examination and approval organizations; as well as personnel of industry and trade, taxation, and relevant economic management organizations;

4. Personnel who may come into contact with or obtain inside information because of their professions and their contract or working relations with the issuer. These include journalists, newspaper editors, radio station hosts, and layout and printing personnel;

5. Other personnel who may come into contact with inside information via legitimate channels.

Article 7. Units or individuals with the aim of making profits or minimizing losses shall be banned from using the advantage of their funds and information or from abusing their powers to manipulate the market to influence securities prices; to create a false impression of the securities market; to induce or cause investors to invest in securities without understanding the true situation; and to create confusion in the securities market.

Article 8. Market manipulation mentioned in the preceding article includes:

1. Manipulating securities market prices through conspiracy or pooled funds;

2. Spreading rumors to influence stock issuance and trading;

3. Colluding with others to engage in falsified purchase and sale without the transfer of securities ownership rights in order to create false securities prices;

4. Selling or contracting to sell securities not owned in order to cause confusion in the securities market order;

5. Successive trading of a certain stock aimed at driving up or suppressing securities prices;

6. Suppressing or driving up securities prices artificially by taking advantage of job duties;

7. Other acts of manipulating the market.

[Text] Article 9. Units and individuals are banned from cheating clients in securities issues, trading, and their relevant activities.

Article 10. Activities of cheating clients referred to in the preceding article include:

1. Securities trading organizations combining the operations of their own businesses with agent services;

2. Securities trading organizations violating clients' orders in securities purchases and sales;

3. Securities trading organizations failing to comply with relevant state laws and regulations as well as operational rules stipulated by securities exchanges when handling securities purchases and sales entrusted to them;

4. Securities trading organizations failing to provide their principals with written documents confirming securities purchases and sales within a stipulated time;

5. Securities registration and clearing organizations handling clearing, transaction, transfer, and registration procedures not in accordance with relevant state laws and regulations as well as the stipulations of the organizations' own operational rules;

6. Securities registration and clearing organizations mortgaging, without authorization, securities entrusted by clients for safekeeping;

7. Securities trading organizations, with the aim of earning more commission, inducing their clients to engage in unnecessary purchases and sales, or engaging in the speculation of their clients' accounts;

8. Issuers or agents of issuers failing to provide a procurement prospectus when selling securities to investors;

9. Securities trading organizations guaranteeing trading profits to their clients or promising to compensate their clients for investment losses;

10. Other activities violating clients' true will and harming their interests.

Article 11. Units or individuals shall be prohibited from making untrue and seriously misleading statements with gross omissions, or any form of misrepresentation or inducement regarding the facts, nature, prospects, and laws concerning securities issuance, trading, and relevant activities which result in investor decisions to invest in securities without understanding the facts.

Article 12. Activities of making misrepresentations referred to in the preceding article include:

1. Issuers and securities trading organizations making false statements in prospectuses, share listing notices, company reports, and other documents;

2. Professional securities services organizations, such as attorneys, accountants, and valuers making false statements in their legal opinions, auditing reports, asset appraisals, and other documents in which they participate in drawing up;

3. Securities exchanges, securities trade associations, or other self-regulating securities trade organizations making false statements affecting the securities market;

4. Issuers, securities trading organizations, professional securities service organizations, and self-regulating securities trade organizations making false statements in various documents, reports, and explanations submitted to securities supervision and management departments;

5. Other false statements made in securities issues, trading, and related activities.

Article 13. Insiders and other people who obtain inside information by improper means or through other channels who leak inside information or use inside information to buy or sell securities or advise others to buy or sell securities in violation of these procedures shall, in the light of different circumstances, have the illegally acquired monies and other illegal income confiscated and they shall be fined an amount between 50,000 yuan and 500,000 yuan.

In addition to punishment given in accordance with the preceding clause, insiders who leak inside information shall also be affixed with responsibility in accordance with other relevant provisions of the state.

Article 14. Issuers who carry out insider trading during securities issues shall, in the light of different circumstances, be given a warning, be ordered to return illegally raised funds, have their illegal income confiscated, be given a fine, or have their securities issues permits suspended or revoked; or given a combination of the above punishments.

Article 15. Securities trading organizations, securities exchanges, or other organizations in the securities industry that are found to have manipulated the market shall, in the light of different circumstances, be given a warning, have their illegal income confiscated, be fined, have their (referring to securities trading organizations, similarly hereafter) securities trading business restricted or suspended or their securities trading business permit revoked, their (referring to securities exchanges and other organizations in the securities industry, similarly hereafter) securities business restricted or suspended or their permit to engage in securities business revoked; or be given a combination of the above punishments.

Article 16. Organizations other than those listed in the preceding clause that are found to have manipulated the market shall, in the light of different circumstances, be given a warning, have their illegal income confiscated, or be fined; or be given a combination of the above punishments. The listing qualifications of issuers already listed on the market which are found to have manipulated the market shall be suspended or revoked in serious cases.

Article 17. Individuals found to have manipulated the market shall, in the light of different circumstances, have their illegally acquired monies and other illegal incomes confiscated and be given a fine of between 50,000 yuan and 500,000 yuan.

Article 18. Securities trading organizations, securities registration and clearing organizations, and other organizations engaged in various other securities business found to have committed the acts listed in Article 10 of these Procedures shall, in the light of different circumstances, be given a warning, have their illegal income confiscated, be fined, have their securities trading business restricted or suspended or their securities trading business permits revoked, have their securities business restricted or suspended or their permits to engage in securities business revoked; or be given a combination of the above punishments.

Article 19. Personnel of securities trading organizations, securities registration and clearing houses, and other organizations engaged in the securities business who are found to be directly responsible for cheating clients shall be punished, depending on circumstances, with any one or a combination of the following: a warning, a fine between 30,000 yuan and 300,000 yuan, and the revocation of securities trading business permits and permits to engage in the securities business.

Article 20. Securities trading organizations and professional securities service organizations who are found to have committed acts stipulated in Article 12 of these

Procedures shall be punished, depending on circumstances, with any one or a combination of the following: a warning, the confiscation of illegal income, a fine, the suspension of securities trading and management business, and the revocation of securities trading business permits and permits to engage in the securities business.

Securities exchanges, securities trade associations, and other self-regulating securities organizations found to have committed acts of misrepresentation shall be punished according to the relevant provisions.

Article 21. Issuers found to have committed any act of misrepresentation stipulated in Article 12 of these Procedures shall be punished, depending on the circumstances, with any one or a combination of the following: a warning, an order to return all illegally raised funds, the confiscation of illegal income, a fine, and the suspension or revocation of issuing and listing qualifications.

Article 22. Personnel directly responsible for acts of misrepresentation shall be punished, depending on the circumstances, with any one or a combination of the following: a warning, the confiscation of illegal income, a fine of between 30,000 and 300,000 yuan, and the revocation of permits or qualifications to engage in the securities business.

Article 23. Whoever commits the act of cheating clients, causing them losses, shall be liable to pay compensation according to the law.

Article 24. The PRC Securities Supervision and Management Commission (hereafter abbreviated as the "Securities Supervision Commission") shall have the right to conduct—on its own or jointly with other relevant state departments—investigations of units and individuals violating these Procedures. The State Council's Securities Commission (hereafter abbreviated to the "Securities Commission") shall organize investigations into major cases.

Article 25. The Securities Supervision Commission shall have the right to impose punishments—on its own or jointly with relevant state departments—against units and individuals proven, after investigation, to have actually violated these Procedures. When the Securities Commission designates another organization to impose punishment, the designated organization may impose its own punishment within the scope of its powers.

When more than one organizations is empowered to punish the same violation under these Procedures, they should hold prior consultations among themselves and should not impose double punishment on the same facts and grounds.

Article 26. In addition to penalties imposed under these Procedures, the Securities Supervision Commission shall have the right to request or recommend relevant departments to investigate the administrative and criminal liabilities of securities management and supervisory personnel found to have violated these Procedures.

Article 27. Confirmed reports by members of the public against securities fraud and other securities violations shall be rewarded.

Article 28. These Procedures shall be interpreted by the Securities Commission.

Article 29. These Procedures shall take effect from the date of publication.

### **Official Says Technology Export Market Diversified**

*OW2109143593 Beijing XINHUA in English 1417 GMT 21 Sep 93*

[Text] Shanghai, September 21 (XINHUA)—China's annual technology export value amounts to 1.51 billion U.S. dollars, according to an official of the Ministry of Foreign Trade and Economic Cooperation.

China's technologies are exported to 52 countries and regions, including the United States, Japan, Germany, the former Soviet Union, Pakistan, Bangladesh, Thailand, Indonesia, Singapore, Iran, the Philippines and Hong Kong.

Technology export is now an important part of China's foreign trade and economy, as the country has established a complete system from research and development to industrial and agricultural production. Some of the technologies have reached world advanced levels, said Zhao Chunhua, an official of the Ministry of Foreign Trade and Economic Cooperation.

China first exported software technologies to developed countries. In recent years, the export to developing countries has increased dramatically.

Between 1989 and 1992, the technology export to developing countries accounted for about 70 to 80 percent of the total technology transfer value each year.

China-developed technologies, which are easy to learn and reasonable in price, are quite suitable to the need of developing countries.

The export of complete equipment and plant has also increased rapidly in the past three years, accounting for over 90 percent of the total technology transfer value. The exports include satellite communication ground stations, TV satellite network equipment, power generating equipment, cement production lines and chemical production equipment.

### **Minister: Real Estate Market Controls 'Successful'**

*HK2109131693 Beijing CHINA DAILY in English 18 Sep 93 p 1*

[By staff reporter Li Hong: "Real Estate Market Controls Successful"]

[Text] China's overheated real estate market is expected to stabilize and develop more healthily by the end of 1993, Construction Minister Hou Jie said yesterday.

Hou attributed this to macroeconomic measures, including the tightening of credit controls, adopted by the government in July.

Other measures include improving the property market by eliminating unlawful real estate dealers and stopping the flow of money that was fueling profiteering.

These controls will be successful by the end of this year, Hou said during a news conference in Beijing.

"After this year's readjustment, we can expect normal progress in the real estate market next year," the minister said.

The central government's mandate to cool runaway property development has achieved initial success with investments slowing, housing prices beginning to drop, and the number of real estate firms diminishing, Hou said.

The State Council, China's cabinet, has ordered banks and other financial resources to withdraw their "illegal speculative lending or investments" before the end of this year. Hou did not reveal how much has been taken back from the real estate sector to date.

Total investments in real estate reached 73.2 billion yuan (\$12.84 billion) last year, increasing 117 percent over the year before.

During the first six months of this year, investments hit 27.4 billion yuan (\$4.8 billion), a growth of 143.5 percent over the corresponding period last year, the State Statistics Bureau reported.

Real estate prices, according to Hou, have begun to drop, thanks to the two-month clampdown on property profiteering.

The average selling price of housing in most coastal cities has now declined by about 20 percent. Nearly half the real estate development companies in such booming provinces as Hainan have been closed down. Large plots of illegally-traded property have also been retrieved in Shanghai and other cities, the minister said.

He admitted that real estate prices in some coastal regions had hit a startling 7,000 to 8,000 yuan (\$1,228 to \$1,404) per square metre because of unlicensed middleman manipulation.

Before the clampdown, the number of real estate companies doubled to 12,400 last year and increased by another 6,000 during the first six months of this year.

According to Hou, the central government will keep strict control on the property market during the coming months.

The controls will include overall planning to earmark land for development. In addition, real estate companies will be required to secure land through public bidding or auction, instead of the previous process of official allocation which often led to bribery, Hou said.

### **Enterprise Managers Upset By 'Unfair Regulations'**

*HK2109131793 Beijing CHINA DAILY in English 18 Sep 93 p 2*

[By staff reporter Liu Weiling: "Enterprise Managers Upset By 'Unfair' Regulations"]

[Text] A recent survey has disclosed that 74.2 percent of enterprise managers feel they are treated unfairly in competition.

The unfairness is reflected mainly in different tax rates, management policies, and access to raw materials.

The investigation, conducted by the China Entrepreneurs Investigation System this May, covered 2,620 company managers and factory directors across the country.

Guo Zhenying, a member of the entrepreneur's council, said the system will conduct regular investigations among Chinese entrepreneurs who are becoming an important pillar in the country's economic reform.

Most enterprises reported that their counterparts get preferential policies.

For example, State-owned enterprises are jealous of the private businessmen's authority in management and their low tax rate, while the latter complain they do not have official access to raw materials and authority to conduct foreign trade.

Experts who organized the investigation said the result shows that China still needs hard efforts to achieve a market economy whose basic principle is fair competition.

However, the report also shows China is moving closer to a market economy since 64.9 percent of the managers said they feel the pressure of fierce competition, while only 2.8 percent reported little competition.

Under China's old planned economy few managers had a grasp of the concept of competition since their products and production were decided by government decree.

The investigation also showed that intervention by the government is becoming the biggest hindrance to enterprises embracing the market economy as only 8 percent of managers said they had been delegated most of the authority in management.

### **Result**

This has led to the result that 64.4 percent of the entrepreneurs think the most important emphasis of the country's current reform should be the transfer of the government's function in the economy.

In addition, the investigation also disclosed that the qualifications of China's entrepreneurs has improved. Now, 69.2 percent of managers have college diplomas, 23 percentage points higher than the figure in 1985.

Moreover, more than half of the entrepreneurs surveyed said they speak at least one foreign language.

### Article Examines Selling Stock for Cash

HK2109070293 Beijing JINGJI CANKAO BAO in Chinese 31 Aug 93 p 4

[Article by Zuo Mu (0146 3668) of Development Research Center of the State Council: "Sell Stocks for Cash—First Installment of a Series on Strategy To Expedite the Reform of State-Owned Enterprises Centering Around the Joint-Stock System"]

[Text] Key projects launched in China, especially infrastructure projects related to the energy industry, water conservation, and communications, are characterized by long construction periods, slow investment return, and shortage of funds, which are all hard to be resolved. Although raising the interest rate can help secure part of the funds needed to finance key projects, excessively high interest rates may cause construction costs to soar and may further extend the investment return period, thus result in a pernicious cycle.

The above are new circumstances and new issues we are facing when switching over to the market economy. Under the conditions of a planned economy, the supply of funds to finance key projects is assured by mandatory plans. But, given the conditions of the market economy, both the funds at the disposal of enterprises and the public sector will be used in a way to maximize profits, so infrastructure projects should mainly be funded by state finances. If state finances run short, infrastructure projects will lose a secure source of funds.

For the moment, the so-called overheated economy mainly denotes the overheating of processing industries and the real estate sector. As for the energy industry and communications, there is no overheating but aggravated "bottle-necks." In the first quarter of this year alone, the amount of coal awaiting shipment was over 100 million metric tonnes.

This is a problem which is difficult resolve but must be resolved as soon as possible. A feasible solution is to expedite the reform of state-owned enterprises centering around the joint-stock system, and sell a portion of the shares of such state assets in processing industries in exchange for cash, which will in turn be used to finance key projects and infrastructure construction.

### More Funds Available on the Stock Market Are Flowing Toward Processing Industries

At present, pilot projects to introduce the joint-stock system in China are mainly proceeding with those enterprises with better performance, and which are processing industries and in the tourist business. For example, of the 68 companies with limited liability in Hainan Province, enterprises running tourism and real estate business make up 36.36 percent, industrial and communications and transport enterprises make up 27.27 percent, while those running market facilities and urban infrastructure construction account for only 4.55 percent. However, the expansion of the processing industries is not necessarily reasonable, nor do all the projects in this regard necessarily

suit the needs of our country's industrial policy. Such being the case, it will possibly lead to a situation in which the problem resulted from duplicate processing industry projects and overexpanded investment will be aggravated, along with the increase in the number of enterprises practicing the joint-stock system. As viewed from the economy as a whole, the fewer projects launched to invest in infrastructure with a lower profit rate and a longer construction cycle, the more underdeveloped the communication service and energy industry will be. This is a new phenomenon which merits attention in the reform centering around the joint-stock system.

### Two Different Cases of Expansion in the Processing Industry

As far as the processing industry and tourist enterprises practicing the joint-stock system are concerned, there are, in general, two situations. In the first case, enterprises practicing the joint-stock system enjoy a very large market and an ample supply of raw materials. After raising funds through the introduction of the joint-stock system, these enterprises can expand production very quickly, thus increasing the supply of goods, improving product quality while raising output, and increasing their profits. In the second case, the enterprises of this category are producing very marketable products of very famous brands, and they enjoy very good economic returns. However, the market is already or nearly saturated with these kinds of products, and there is little room for further exploration. If this type of enterprise continues to expand, it will lead to excessive supply and a decline in the trade's overall economic returns.

Therefore, as anticipated by the conventional trend, the introduction of the joint-stock system will not be conducive to the readjustment of the production structure.

### Let Funds Be Displaced and Let the State Increase Investment in Infrastructure and Public Utilities

Therefore, we had better try a new method. Since the public is very interested in the processing industry and tourist trade, which have been turning attractive profits, and since they are very eager to make investments but are restraining from investing in such infrastructure as the energy industry and communications, there will be no harm in selling to the public a portion of the shares of processing industry enterprises and certain tertiary industry enterprises, thus shifting part of the related profits and liabilities, opportunities, and risks to the public and enterprises as legal persons buying shares. The funds thus secured can be partly retained by the enterprises selling shares and partly turned over to the state treasury. For example, one-third of the income derived from issuing new shares of a brewery can be turned over to the state treasury, be used to set up funds to finance some special projects, and thus be reinvested in such industrial branches as the energy industry, communications, and telecommunications, which require long construction periods but promise slow and low returns.

In so doing, we can forward the structural readjustment from two aspects. First, we can inhibit the expansion of certain processing industry enterprises, increase investment in basic industrial branches, and step up the implementation of the industrial policy. Second, we can change the percentage of state assets invested in processing as well as basic industrial branches, and increase the weight of state assets in basic industrial branches. This is in line with the transformation of the government's economic functions and investment orientation under the conditions of the market economy.

The above effect achieved by the reform centering around the joint-stock system can be called the "displacement effect." This method is to substitute shares held by the public for shares held by the state, with a view to producing positive results. For example, the total value of shares that have been issued and will be issued this year is 5 billion yuan; if 40 percent of these shares will be turned into cash to be received by the state treasury, that will mean the state treasury will secure 2 billion yuan. This sum of money will no doubt be of great significance to the readjustment of the production structure. Of course, this sum of money can also be set aside as a reform fund, or be used to alleviate contradictions among the people, or in other words, to regulate the relations of interests among people.

The displacement of ownership of state properties is a major affair which needs to be manipulated by centralized policy making. We suggest that the State Planning Commission take the lead in mapping out a plan which will be implemented with the approval of the competent organ in charge of examination of pilot projects centering around the joint-stock system.

#### **The Flow of Assets Does Not Mean Draining of Assets, and the Value of State Assets Will Only Accrue Amid Transaction**

To bring the displacement effect into play means some changes in the state asset investment structure. That is to say, state assets will carry a smaller weight in the sector of processing industries, while their weight will be increased substantially in investments in infrastructure and urban public utilities. This is like the case where a man takes his money out of one pocket and puts it into the other. In this case, the ownership of state properties will not be affected at all.

However, so far, no common understanding has been reached on whether this idea can really be implemented. In the past few years, as those enterprises running joint-stock system pilot projects have issued stocks at a premium, the value of state-owned assets invested in those enterprises has not decreased, but increased remarkably. As soon as an enterprise issues stocks, it can immediately raise an amount of funds of over 10 million yuan, or even billions. Therefore, people can accept the joint-stock system. But now people are told that we are to give up a considerable portion of state-owned shares, so we immediately meet

with objection. Those who object to the idea say that giving up shares of state-owned enterprises means the "draining" of state assets.

In fact this is a misunderstanding. To be sure, the state asset structure will be changed when a portion of the state-owned shares of enterprises is sold. But the total amount of state assets is not decreasing. The so-called "displacement" is that the public is allowed to buy the ownership of a portion of state assets with their own money, and the state will exchange its shares for funds which are in turn to be used to finance more urgently needed construction projects so as to secure new property rights. This type of flow of funds suits the needs of the market economy, and is conducive to the reallocation of resources. It should never be mentioned in the same breath with the draining of state assets as a common phenomenon nowadays.

The reason some comrades regard the flow of assets as a draining of assets is mainly because they are influenced by the tradition of management in kind. They always believe that assets in their state of substance are genuine and credible assets. In fact, under the conditions of the market economy, the value of assets can constantly accrue only in the continuous process of transactions.

As viewed from the production process, if cotton belongs to the state, the cloth made of the cotton will belong to the state, and the income derived from the sale of the cloth will still belong to the state. The material state of State assets changes very often, and the transformation from the material state to the monetary state often takes place, too. In the transaction of assets, the most important thing is the preservation of and increase in the value of assets. If state assets are not allowed to flow, it will not be possible to have their value accrue, nor will it be possible to preserve their value, still less will it be possible to improve the asset composition. "The vitality of capital lies in transaction"—only this way of viewing things conforms with the reality of the market economy.

#### **State Council Approves Investment Measures**

OW2209100593 Beijing XINHUA Domestic Service in Chinese 0406 GMT 5 Sep 93

[Text] Beijing, 5 Sep (XINHUA)—The State Council recently issued a circular after approving and distributing the concrete measures formulated by the State Planning Commission to strengthen macroeconomic control over investment in fixed assets. To strengthen macrocontrol over investment in fixed assets, to place strict controls over the undertaking of new projects, and to ensure construction of priority projects and sustained, fast, and healthy growth of the national economy, the State Planning Commission has formulated seven macroeconomic control measures:

1. The solution to the problems in China's investment area lies primarily in speeding up the reform of the country's investment system and in introducing an investment restraint and risk-related mechanism and an effective investment regulatory system. At present, it is necessary to

begin by standardizing investment behaviors, applying economic measures and necessary administrative means, dividing the responsibilities between the central authorities and local authorities, adjusting the investment structure, clearly distinguish between priority projects and non-priority projects, undertake projects in line with national strength, do our best, and cut back on investments to ensure construction of priority state projects.

2. All localities and departments must examine and screen all investment projects that have been undertaken. Everything must be done to ensure the construction of those projects which will lead to production of marketable goods, which will result in overall high economic efficiency, or which will help ease "bottleneck" restraints on China's economy. All localities and departments must earnestly screen those projects that do not meet the requirements of the state industrial policies, that do not have stable funding sources or ready construction conditions, or that have uncertain market prospects, particularly luxury hotels, office buildings, and vacation villages, and halt or postpone, according to the circumstances, the construction of the following projects:

- Projects that do not meet the requirements of the state industrial policies. Projects that are banned by the provisions of the Interim Regulations of the People's Republic of China Governing Regulatory Taxes for Investment in Fixed Assets. Projects that have been approved arbitrarily in violation of the provisions formulated by the relevant departments of the State Council to control the examination and approval of projects manufacturing products in excess supply and products in great demand.

- Projects that do not have stable funding sources or that have illegal funding sources. Investment projects in fixed assets in which short-term bank loans or current capital loans are used and in which banks participate in direct investment by using credit funds to buy or control shares. Investment projects in fixed assets in which shares are issued without authorization in violation of the relevant state provisions governing the organization of share-holding enterprises and the issuance of stocks. Investment projects in which bonds are issued outside the state plan in violation of the relevant state provisions on the administration of securities. Projects in which subordinate units are forced to raise the capital, and in particular, when funds for priority state projects have been diverted for their use in violation of state provisions. Projects whose funds are mainly raised by localities and enterprises themselves, but the original fund-raising plan fails to raise sufficient funds, or the funds raised fail to reach 50 percent of the amount to be raised in a year. Investment projects in which foreign commercial loans are arbitrarily used to buy and sell renminbi for profit and in which short-term (within one year) foreign commercial loans are used.

- Projects that do not have ready construction conditions. New projects that are launched without the approval of the competent unit, whose feasibility study report has

not been approved by the competent unit, or are in serious violation of construction procedures. Projects that cannot be constructed simultaneously because their other principal external supporting projects are seriously dislocated. Projects whose supply of fuel, power, water, and raw and semifinished materials is not ensured after their completion.

- Projects that have uncertain market prospects. Projects manufacturing products whose market supply has been in excess or is approaching the saturation point and producing products whose competitiveness is low and whose prospects will not change in a short time. Projects that are confronted with marketing problems such as a big change in market conditions after their feasibility study reports have been approved; yet, no countermeasures have been found to cope with the problems.

- Luxury hotels, office buildings, luxury villas, vacation villages, horse-racing courses, golf courses, and other projects with the above mentioned problems. Departments concerned must organize specialized personnel to examine and screen the projects mentioned above. At the same time, the relevant banks should be notified of the screening results, particularly the decision to halt or postpone the construction of such projects, so that the relevant banks will stop allocating funds for the projects.

3. It is necessary to concentrate funds to ensure construction of priority state projects.

- All localities and departments must use, for national priority projects, construction funds (including foreign loans) now available and the funds saved from those projects whose construction has been either stopped or postponed. First, the purpose is to ensure the safety of railway construction projects, water conservation projects, and hydroelectric power projects that have been included in the state plans during the flooding season; second, it is to ensure construction of projects included in the state plans, such as large and medium-sized projects and above norm projects that will be put into operation in the same year of construction; third, it is to ensure construction of projects in the farming sector and key state projects such as transportation, communications, energy, important raw and semifinished materials, water conservation, and key technology upgrading projects that have been included in the state plans; and fourth, it is to ensure construction of projects involving foreign investment, provided that they are included in state plans and their contracts have become effective.

- People's governments at all levels and financial, banking, and other relevant units should strengthen controls over the use of funds to ensure there will be sufficient funds for priority construction projects included in the state plans, and that there will be sufficient bank loans. By the end of September, the funds allocated for key state projects and key technology upgrading projects should reach 70 percent of the annual plan.

—Funds raised by local people's governments, relevant departments, and enterprises should also be used to ensure construction of planned priority state projects and key technology upgrading projects. Funds raised in this way for projects under construction must be allocated in proportion to the planned construction progress.

4. It is necessary to strictly control the scale of newly launched projects.

—All localities, departments, and relevant units should proceed from the national interest in strictly controlling the overall scale of projects under construction, mainly newly launched projects. In view of the current overextended investment scale of fixed assets and a large number of newly launched projects in various localities during the first six months of this year, approval for new projects will be suspended in the second six months in order to ensure funds for the construction of key state projects.

—The pre-construction auditing system should be strictly enforced in examining application for new projects. Banks at all levels are prohibited from allocating funds and issuing loans to projects failing to complete pre-construction formalities and to obtain approval from the proper authorities.

5. It is necessary to strengthen the management of investment in housing and real estate development and construction of development zones.

—Investment projects in housing and real estate development must be incorporated into the state plan on fixed assets investment. Banks are prohibited from issuing housing and real estate development loans for projects not covered by the state plan.

—Housing and real estate development loans must be incorporated into the state plans on credit loans and on fixed asset investments, and must be managed according to fixed quotas.

—The people's governments of all provinces, autonomous regions, municipalities, and cities with economic autonomy should strengthen the management and strictly enforce the relevant State Council regulations in examining and approving the construction of high-quality guest houses, office buildings, villas, and vacation villages, including projects for constructing these categories in the name of housing and real estate development. Projects exceeding 200 million yuan investment must be examined and approved by the State Council. New horse-racing grounds and golf courses should not be built.

—Construction of development zones of various kinds should proceed strictly according to the "Circular of the State Council on Stringent Examination and Earnest Screening of Development Zones of All Kinds."

6. It is necessary to step up the guidance and standardized management of projects directly invested by foreign businessmen.

—When a foreign businessman fails to deliver the registered capital and investment in full and on time, or when the Chinese investor fails to carry out the construction of a project, on which a contract is already signed, or of which the construction has already begun, it is necessary to set a time limit for the delivery of funds and to strictly comply with the contract and relevant state regulations in dealing with the project.

—In investing in housing and real estate development, foreign businessmen must strictly comply with the provisions in the "Interim Procedures for Supervising Foreign Investments in Developing and Operating Tracts of Land" and the "Circular of the State Council on Several Questions Concerning Housing and Real Estate Development." Housing and real estate development must include construction projects and conform with local development plans.

7. It is necessary to perfect the procedures for collecting and managing investment direction regulatory taxes of fixed assets. At present, it is necessary to reinforce the collection of investment direction regulatory taxes. Local governments should not overstep authority in granting reductions or exemptions. Tax offices should strictly enforce the collection of taxes.

### **Bo Yibo Urges Improvement in Service Quality**

*HK2209054593 Beijing XINHUA Domestic Service in Chinese 1448 GMT 21 Sep 93*

[Text] Beijing, 21 Sep (XINHUA)—The Organizational Committee for the "China Service Quality Close-Up" activity held a forum on improving service quality some days ago. Bo Yibo, director of the organizational committee, pointed out at the meeting that, under the situation that the CPC Central Committee and the State Council have made arrangements for strengthening macroeconomic regulation and control, consolidating the economic order, shifting onto a track of the socialist market economy, intensifying reform, and carrying out the struggle against corruption, it is necessary to put the issue of improving service quality in a prominent position and regard it as an important matter and the order of the day.

Bo Yibo said: At present, there are some very serious unhealthy tendencies in the sphere of service. Without providing meals, presenting gifts, and giving red envelopes containing money, many things cannot be done. The masses are saying that "the back-door service is good, but the front-door service is poor." This has seriously affected the normal operations of the national economy. A successful campaign of "China Service Quality Close-Up" program will be conducive to the formation of a good economic and social environment. At the same time, he proposed that all participants should conscientiously review Comrade Deng Xiaoping's important expositions over the past 14 years on combating corruption and encouraging honesty and grasping material progress with one hand while grasping cultural and ideological progress with the other, attaching equal importance to both, rather

than paying more attention to the former than to the latter. It is now time to do it conscientiously!

Wang Guangying, vice chairman of the National People's Congress, said: Improving service quality should be closely combined with the current struggle against corruption. Now the question of how to serve is prominent. Quite a few people are seeking private gains and playing tricks by all possible means. It seems that under no circumstances should we underestimate it. For this reason, the standards for service quality should not be set [ding 1353] too low; otherwise, it will be harmful to the establishment and development of the socialist market economy structure.

Hou Jie, minister of construction and director of the Executive Committee for the "China Service Quality Close-Up" activity; Fan Baojun, vice minister of civil affairs; Cai Qinghua, director of the Political Department of the Ministry of Railways; He Guangwei, executive deputy director of the State Administration of Tourism; and representatives of service enterprises also spoke at the meeting.

The "China Service Quality Close-Up" activity is organized by and under the guidance of the State Economic and Trade Commission [as received], the Ministry of Construction, the Ministry of Civil Affairs, the Ministry of Railways, the Development Research Center of the State Council, the State Administration of Tourism, sponsored by the China Social Service Promotion Association, and cosponsored by more than 40 journalist units in the capital.

#### 'Roundup' Views Revival of Private Economy

OW2209044393 Beijing XINHUA in English 0319  
GMT 22 Sep 93

[Unattributed "Roundup": "Private Economy Reviving in China"]

[Text] Guangzhou, September 22 (XINHUA)—Last year, China's business circles were stunned by a transaction in the booming Sino-Russian barter trade, in which China bought four Russian-made passenger aircraft with 500 freight-cars of consumer goods.

The shock did not come from the value of the transaction, which surpassed two billion yuan (about 340 million U.S. dollars), but from the Chinese businessman who made the deal.

The man was Mou Qizhong, president of the Beijing-based Nande Economic Group and one of the most successful private entrepreneurs in the country.

Mou runs a large private economic firm, with over 300 branches and offices in the country and a number of foreign countries and regions. When he started his adventure in a small town in western Sichuan, he had a mere 300 yuan as capital.

Mou's legendary story is seen as a miniature of China's fledgling private economy that was reborn when the country adopted the reform and opening policy in the late 1970s.

Private business used to account for the lion's share of the country's commercial sector in the early years after the founding of the People's Republic in 1949.

But things changed drastically in the mid-50s when a nationwide drive was launched and subsequently carried out with increasing speed to transform the commercial sector, along with the agricultural and industrial sectors, into a socialist one.

In 1978, the government came to realize that public ownership alone was no longer the panacea to expand the country's economy. So private businessmen were given the green light by the authorities to play a complementary role in China again.

On April 12, 1988, the National People's Congress amended the constitution, allowing the private economy to exist and develop, which has been a legal protection for the economy and a step forward for the country in developing a socialist market economy.

For the past few years, the party and government leaders have repeatedly stressed the need for coexistence of different forms of ownership in China.

China's private economy has flourished over the past 15 years, thanks to encouragement by central and local governments. Local observers also attributed the boom to the great efforts made by such private entrepreneurs as Mou, who have taken great risks to spur on the economy.

Now, private businessmen are seen everywhere in the country, and have been a big source of government revenue. For instance, almost two million private firms and self-employed individuals in south China's Guangdong Province paid the government 2.5 billion yuan (about 430 million U.S. dollars) in taxes.

Sichuan, the most populous southwestern province, has taken the lead in helping private business to play a bigger role in the local economy. Two pilot private economic zones have been set up in Chengdu, the provincial capital, and Xinjin County respectively.

Nowadays, private businessmen are a remarkable group, producing a large quantity of commodities and bringing convenience to urban and rural residents.

Statistics by the Research Center for Economic, Technological and Social Development under the State Council show that, early this year, China had 140,000 private enterprises, with 13 billion yuan in fixed assets and operational capital.

In the meantime, millions of Chinese are self-employed businessmen and they are playing a big role particularly in the commercial sector.

In fact, it is now very hard for consumers to distinguish private vendors from those who work for a publicly-owned store, since many state-owned stores have leased out their stands to individuals.

For reasons of history and political changes, the path of the private economy has been a zigzag one over the past 15 years, some observers noted.

Some private entrepreneurs have urged the government and the people to have a better understanding of the vulnerable economic force and to help them gain an equal footing in competition.

A private entrepreneur from the Inner Mongolia Autonomous Region, Lu Hangcheng, said that to develop the private economy, under the umbrella of public ownership, could not change the socialist nature of China.

Even developed countries, such as Japan, have introduced some management methods from China, Lu said.

Lu attended the Eighth Congress of the Chinese People's Political Consultative Conference early this year and is among the first 21 private businessmen to join the national political consultative body.

In today's China, the private economy is no longer regarded as a negative force. On the contrary, some economists have praised the private economy as providing experience for the ongoing reform of the country's state firms.

The favorable political and economic climate, which has been further improved since Deng Xiaoping made his historic south China tour early last year, has made some individuals take bolder steps in their businesses.

### Remarks, Activities of Zhu Rongji Reported

#### Praises Yangpu Development in Hainan

HK2209144593 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1422 GMT 12 Sep 93

[Text] Haikou, 12 Sep (ZHONGGUO XINWEN SHE)—In his inspection of the Yangpu Economic Development Zone on the afternoon of 10 September, State Council Vice Premier Zhu Rongji emphatically pointed out: A new system should be created for development zones, and their construction and development should proceed in accordance with international practice and this new system. It will be difficult to achieve results if we continue to use the old practice, method, organizations, and ideas, rush headlong into mass action, resort to massive crowd tactics, and condition one another in everything.

Zhu Rongji made an on-the-spot inspection of the facilities in the Yangpu Economic Development Zone, the construction site for the Yangpu Power Plant, and the docks at Yangpu Harbor. He acquired detailed knowledge about the construction of the development zone and the port production situation and listened to work reports by the Yangpu Administration, Danzhou City, and the Yangpu Land Development Company, Limited.

Vice Premier Zhu Rongji fully affirmed the results of development and construction achieved by the Yangpu Economic Development Zone and Danzhou City, where the development zone is located. He said: A little more than a year has elapsed since I came to Danzhou and

Yangpu last year. I have seen a great deal of progress and great changes which pose a sharp contrast to the past. Vice Premier Zhu Rongji said: The policy and principle for developing Yangpu is very correct, and the foundations have been laid. Following the ceremony for sealing off the development zone on 9 September, the construction of Yangpu has gotten on the right track. He pointed out: As far as the development zone is concerned, it is necessary to pay close attention to infrastructure construction. If we are not engaged firmly in building the infrastructure, this land will not be able to bring about benefits, and it will be difficult to attract investment. The first step must focus on infrastructure construction, because it is the most important task. The construction of the power plant is currently under way, and the key factor of power is being dealt with. Following the completion of the power plant, the next task will be to level the land. Moreover, the highway network must be improved as soon as possible. We must also pay close attention to solving the problem of water supply. Only when the tasks of improving water and power supply, highway construction, and so on have been fulfilled can we speed up the construction and development of Yangpu.

In discussing the problem of relocating residents within the zone, Zhu Rongji said: To properly handle this problem, we must find a way to develop production and ensure the supply of daily necessities through the development of Yangpu. From now on, we must draw up a detailed relocation plan and carry it out in an orderly and systematic manner.

Regarding the issue of planning, Zhu Rongji pointed out: The details of the whole plan will be implemented by the development company. The Yangpu administration must improve its work efficiency and do a good job in reform. Leaders of the CPC Central Committee and the State Council are very concerned about and strongly support the development of Yangpu. The reason why I have come to Hainan at this time is precisely to demonstrate the CPC Central Committee's and the State Council's support of the development and construction of Yangpu.

Vice Premier Zhu Rongji and his party left Haikou this afternoon, and Hainan Provincial CPC Secretary and Governor Ruan Chongwu saw them off at the airport.

During his stay in Hainan, Zhu Rongji also met Mr. Yu Yuan-ping, chairman of the Yangpu Land Development Company Limited and general manager of the Kumagaya-gumi (Hong Kong) Company Limited.

#### Addresses Rural Enterprises Meeting

OW2209080893 Beijing XINHUA Domestic Service in Chinese 1207 GMT 21 Sep 93

[By reporter Ji Bin (1213 2430): Beijing XINHUA Domestic Service in Chinese at 1448 GMT on 21 September transmits a service message cancelling the following item and asking that it be replaced with another version: differences between the two items noted below]

[Text] Beijing, 21 Sep (XINHUA)—A national work meeting on village and town enterprises, convened by the

State Council, ended in Beijing today. The meeting held: Under the new situation, so long as we seize opportunities, deepen reform, open wider to the outside world, and promote a highly efficient, continuous, and healthy development of village and town enterprises, we will be able to accomplish the goal of making "village and town enterprises nationwide turn out 7,600 billion yuan output value, deliver 750 billion yuan taxes and profits, and absorb 50 million additional laborers by the year 2000."

State Councillor Chen Junsheng chaired today's meeting. Vice Premier Zhu Rongji attended and delivered an important speech at the meeting. Liu Jimin, deputy secretary general of the State Council, gave a summing-up report at the meeting.

During the meeting, in an effort to further implement the guidelines of the 14th CPC National Congress and other relevant documents of the central authorities, responsible comrades of governments and relevant departments of all provinces, municipalities, autonomous regions, and cities with economic autonomy; as well as responsible comrades of relevant state departments, [variant version reads: ...relevant ministries and commissions of the State Council.... (replacing "state departments" with "ministries and commissions of the State Council")] summarized and exchanged new experiences gained in developing village and town enterprises. They also studied the ways to resolve acute existing problems.

The meeting held: To enable the whole Chinese society to better understand the importance of and profound significance in developing village and town enterprises, we should fully understand the great significance in developing these enterprises from the strategic height of considering the comprehensive development of rural economy. The current rural economic situation is generally very good. However, we have yet to properly resolve some problems—such as the slow increase of peasants' incomes, difficulties in transferring surplus laborers in rural areas; the widening gap between prices of industrial and farm products. Making great efforts to develop village and town enterprises means that we must implement the strategic concept of regarding agriculture as the foundation of the national economy. This is the fundamental way for solving problems in rural areas, in the agricultural sector, and for peasants. Herein lies the hope for peasants to become comparatively well-off. Village and town enterprises have formed an important force for pushing the national economic development, increasing agricultural inputs,

reducing the gap between the industrial and agricultural sectors and between urban and rural areas, realizing agricultural modernization, and building new socialist modern rural areas.

The meeting held: The CPC Central Committee and the State Council have undertaken a series of important policies and measures to develop village and town enterprises. Relevant state departments have also rendered substantial support for the development of these enterprises. The gradual establishment and improvement of a socialist market economy has opened up broad vistas for developing these enterprises. All these factors have created a favorable external environment for these enterprises. What is crucial is for village and town enterprises to make great efforts to resolve their own existing problems. The meeting held: Through deepening reform and opening wider to the outside world, village and town enterprises should improve and perfect their operating mechanisms; promote the spirit of waging hard struggles and doing pioneering work; strengthen the management of enterprises; expedite technological progress; actively and rationally restructure industrial pattern; and raise product quality and economic efficiency.

The meeting held: It is necessary to adopt more effective measures to promote economic and technical cooperation between the eastern and central western regions of the country [variant version reads: ...cooperation among the eastern, central, and western regions of the country.... (rephrasing)]; and to assist major grain and cotton producing areas (mainly the central western region) and minority nationalities areas to develop village and town enterprises so as to strengthen their capability in using industry to supplement and build up the agricultural sector.

The meeting said: Village and town enterprises are a great creation of the Chinese peasants. Their rise and development have brought profound and enormous changes to China's economic and social progress. The key and difficulty for achieving a comparatively well-off standard of living for all Chinese people by the end of the century lies in rural areas. Shouldering heavy historic responsibilities, we should work hard; enhance the efficient, continuous, and healthy development of village and town enterprises; reinforce the agricultural sector's status as the national economy's foundation; and make fresh contributions to realizing China's grand objective in its modernization drive.

## East Region

### Shandong Secretary Hails Supply Company Establishment

SK2109131293 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 20 Sep 93

[Text] Following the change of our province's commercial department, the grain bureau, the supply and marketing cooperative, and the petroleum company into economic entities, the Shandong Provincial Material Supply Group Company and the Shandong Provincial Material Circulation Chamber of Commerce were established in Jinan on 20 September. This indicated that the provincial material supply departments have begun normal operation in line with the new functions vested by the provincial government and that our province's reform and development of the material circulation system has entered a new stage.

Jiang Chunyun, secretary of the provincial party committee, and Zhao Zhihao, deputy secretary of the provincial party committee and provincial governor, sent a letter of congratulations to the inaugural meeting. The letter states: Changing the provincial Supply Bureau into an economic entity and simultaneously establishing the Material Circulation Chamber of Commerce to exercise the functions of managing various trades are of great significance in further invigorating the material circulation and promoting the whole province's national economic development. It is hoped that the broad masses of workers of the Material Supply Group Company would strive to develop the material enterprise groups into transregional and trans-trade circulation enterprises of a large scale with strong competitive ability, which integrate production, management, scientific research, development and domestic and foreign trades, and the Material Circulation Chamber of Commerce would play a role in linking, guiding, supervising and managing the material supply industry and leading the material supply enterprises to seize the opportunity, change operational mechanism, intensify competitive ability, raise economic efficiency and make new contributions to invigorating Shandong's economy. Vice Governor Wang Yuxi attended the meeting to extend congratulations on behalf of the provincial government. Wang Yuyan and Zhang Jingiao attended the company's inaugural meeting.

### Zhejiang Circular on Reducing Peasants' Burdens

OW2109034793 Hangzhou ZHEJIANG RIBAO in Chinese 13 Aug 93 pp 1, 2

[Text] Circular issued jointly by the general offices of the provincial party committee and the provincial government concerning opinions on screening and handling items related to peasants' burdens in this province:

Since the promulgation of the "Urgent Circular on Effectively Reducing Peasants' Burdens" by the CPC Central Committee's General Office and the State Council's General Office in mid-March this year, party committees and governments at various levels in this province have

attached great importance to the work and various departments, especially financial, commodity pricing, supervisory, judicial, and agricultural departments and have worked in close coordination under the provincial party committee's and provincial government's direct leadership. The work of checking on peasants' burdens has been mostly completed. Under the guidelines of the "Circular issued jointly by the General Offices of the CPC Central Committee and State Council concerning opinions on screening and handling items related to peasants' burdens," and in light of actual situations in this province, a provincial circular concerning opinions on screening and handling items related to peasants' burdens is devised with the approval of the provincial party committee and the provincial government as follows:

#### 1. Seriously Implement the "Circular Issued Jointly by the General Offices of the CPC Central Committee and the State Council Concerning Opinions on Screening and Handling Items Related to Peasants' Burdens"

The "Circular Concerning Opinions on Screening and Handling Items Related to Peasants' Burdens," issued by the party Central Committee and the State Council, is an important measure to strengthen the fundamental role of agriculture, protect peasants' interests, effectively reduce peasants' burdens, whip up peasants' enthusiasm for production, and maintain close ties between the party and the masses and between the cadres and masses. Party committees and governments at various levels, as well as concerned departments, should penetratingly understand the essence of this document and adopt effective measures and insure the implementation of the document's guidelines in various localities. In implementing the document's guidelines, we should pay attention to the following three points:

1. It is necessary to firmly implement the central authorities' decision on eliminating and rectifying certain items related to peasants' burdens. All of the following should be immediately stopped or rectified: The 37 types of fees and fund collection; the 43 types of peasant contributions in the form of cash, materials, and labor services for reaching higher targets; the 14 kinds of compulsory fees, prorations, and obligatory contributions; and the 10 kinds of erroneous methods of collecting fees from peasants. All localities and departments must not continue to collect those fees or use those methods under any pretext.

2. Regarding the 17 types of fees that should be amended and the two types of fees that should be delayed as stipulated in the circular issued by the CPC Central Committee and State Council General Offices, various localities and departments must not collect them until changes by the central authorities and approval announcement by the Ministry of Agriculture, the State Planning Commission, and the Ministry of Finance are completed.

3. The collection of 29 types of fees related to peasants' burdens, which may continue as stipulated in the circular issued by the party Central Committee and State Council General Offices may be resumed as of 25 July 1993, the day of the announcement; however, various localities and

departments must not randomly raise standards to collect fees or exceed the scope of fee collection.

## **II. Opinions on Screening and Handling Fees Related to Peasants' Burdens in This Province**

1. Opinions on Screening and Handling Fees Required by the Provincial Government or Concerned Departments Related to Peasants' Burdens:

1. The following 10 types of fees are to be eliminated:

A. Fees for reforestation (Provincial Forestry Department);

B. Repair and maintenance fees for rural electricity (Provincial Power Bureau);

C. Administrative fees for technological services for construction work in villages and towns (Provincial City and Township Construction Department);

D. Administrative fees to excavate and tap mineral resources in rural areas (Provincial Geology and Mining Department);

E. Administrative fees to provide agricultural machinery services (Provincial Agricultural Department);

F. Fees for the investigation of land ownership and rights, land surveys and mapping, and land demarcation in rural areas (Provincial Land Administration);

G. Fees for certificates of land registration in rural areas (Provincial Land Administration);

H. Fees to protect forests and prevent forest fires (Provincial Forestry Department);

I. Highway maintenance fees collected from tractor owners (Provincial Communications Department); and

J. Administrative fees for fruit tree labor services (Provincial Agricultural Department).

Documents and regulations related to the above items shall be rescinded upon promulgation of this circular.

2. Six types of fees are to be amended:

A. Administrative fees for transient people's family planning (Provincial Family Planning Commission);

B. Foundation fees for port facilities (Provincial Communications Department);

C. Examination fees before marriages (Provincial Public Health Department);

D. Fees for certificates for road maintenance fee and road maintenance surcharge payments (Provincial Communications Department);

E. Handling fees for the loss of receipts for road maintenance fees and road maintenance surcharges (Provincial Communications Department); and

F. Certificate fees for vehicle salvaging (Provincial Communications Department).

Documents related to the above fees will be revised, including the revision of scopes and standards for fee collections. The revised documents should be examined and approved by the Province Commodity Price Bureau, the Provincial Finance Department, and the Provincial Agricultural Department.

3. The following 15 types of fees may be continued:

A. Public cemetery service fees (Provincial Civil Affairs Department);

B. Childcare or adoption fees (Provincial Civil Affairs Department);

C. Fees for accepting and repatriating transient people (Provincial Civil Affairs Department);

D. Social welfare enterprises' service charge (Provincial Civil Affairs Department);

E. Fees for revolutionary martyrs' memorial hall (Provincial Civil Affairs Department);

F. Fees for place names and archives (Provincial Civil Affairs Department);

G. Fees for protecting banks in inland navigation (Provincial Water Conservancy Department);

H. Fees for compensating forest resources (Provincial Forestry Department);

I. Fees for exclusive use of ships for coastal transportation (Provincial Communications Department);

J. Surcharges for passenger and cargo transportation (or being described as special fund for highway construction) (Provincial Communications Department);

K. Administrative fees for transportation passes (Provincial Communications Department);

L. Certificate fees for vehicle procurement surcharge exemptions (Provincial Communications Department);

M. Fees for mediating land disputes (Provincial Land Administration);

N. Tuition for provincial agricultural broadcasting schools (Provincial Agricultural Department); and

O. Fees for agricultural machinery repairs and maintenance networks (Provincial Agricultural Department).

4. The following four kinds of compulsory collection of fees should be rectified: It is necessary to let peasants accept services on a voluntary basis and to resolutely correct the practice of forced collection of fees for services, including design and checking of the march gas project; providing information on enterprises and copying original documents; consultations in agricultural technology transfers; and auditing services by rural cooperative economic organizations.

5. Aside from those stipulated by laws and regulations, various items on administrative and operating fees, money collection, and so forth related to peasants' burdens, which

are not mentioned in this circular but will be imposed in the future, must be submitted by the provincial department responsible for work related to the provincial agricultural department, the provincial finance department, the provincial commodity pricing bureau, and the provincial planning and economic commission for their joint examination and approval in accordance with the limits of authority on examining and approving the stipulations in the "Regulations on Controlling Required Expenses Borne by Peasants and Labor Services." Important items must be examined and approved by the above-mentioned departments and then submitted to the provincial people's government for approval before they go into effect. Items on funds must be submitted to the Ministry of Finance, the Ministry of Agriculture, and other related ministries for approval, and important items cannot go into effect until after they have been submitted to the State Council and obtained approval.

## 2. Opinions on Screening and Handling Fees Related to Peasants' Burdens That Are Imposed by Authorities Below the Provincial Level:

1. The city (prefecture) and county party committees and governments (administrative offices) shall announce abrogation of all items on fees, money to be collected, apportionments, funds, and penalties that were arbitrarily imposed by party committees, governments, and departments below the provincial level on peasants and that violate the State Council's "Regulations on Controlling Required Expenses Borne by Peasants and Labor Services," and report their announcement to the provincial party committee and the provincial government for the record, with a copy delivered to the provincial office in charge of screening peasants' burdens by 15 August.

2. If any of the various items on administrative and operating fees, money collection, funds, and so forth that were imposed on peasants have to be retained, they must be submitted to each level of higher authority, step-by-step and item-by-item, for approval in accordance with the limits of authority on examining and approving as stipulated in the "Regulations on Controlling Required Expenses Borne by Peasants and Labor Services."

## III. Requirements on Work at the Next Step

To implement the central authorities' relevant policies and measures in a down-to-earth manner, we must focus attention on successfully handling our work in the following areas:

1. We must further improve understanding, strictly enforce discipline, and implement the party Central Committee's and the State Council's decisions in an all-around way without leaving any area untouched by the drive and without making only superficial gestures. Discipline inspection and supervisory departments at all levels, together with departments responsible for supervising and controlling peasants' burdens, must resolutely investigate and handle the areas or units that find excuses to postpone implementing the provisions contained in the "Circular Concerning Opinions on Screening and Handling Items

Related to Peasants' Burdens," issued by the CPC Central Committee and State Council General Offices, and continue to wantonly impose fees and penalties, collect money, and apportion expenses, work, and so forth. People's governments at higher levels shall order such areas and units to return to peasants all monies they have collected; meanwhile, they should investigate the relevant leadership and parties concerned for their administrative responsibilities. If the offense is serious, culprits shall be punished according to law. There will be absolutely no accommodation or leniency.

2. Successful checks on the work of screening peasants' burdens shall be conducted in earnest. The provincial party committee and the provincial government plan to organize examination teams to check on implementing the circular issued by the CPC Central Committee and State Council General Offices, as well as relevant regulations by the provincial party committee and the provincial government in all areas in mid-August. The checkup will focus on areas in which the amount of villages' profit retention and townships' pooling of fund exceeds 5 percent; implementation of specific orders by the central authorities and the province on abrogating items related to peasants' burdens; announcements and rectification of items related to peasants' burdens that were arbitrarily imposed by authorities below the provincial level and ought to be abrogated; whether or not the functions of the departments responsible for supervision and control of peasants' burdens at all levels have been clearly defined; and whether or not the collection, management, and use of profits retained by villages and funds pooled by townships are standardized. All city (prefecture) and county party committees and governments (administrative offices) must pay close attention to organizing self-examination in accordance with the above-mentioned requirements.

3. The collection, management, and use of profits retained by villages and funds pooled by townships must be standardized in strict accordance with the State Council's "Regulations on Controlling Required Expenses Borne by Peasants and Labor Services." While lightening peasants' burdens, we must educate the broad masses of peasants to conscientiously shoulder reasonable burdens stipulated by laws and regulations, make payments for villages' profit retention and townships' pooling of funds according to stipulated quotas, and not refuse or delay such payments without cause. Villages' profit retention (including public accumulation funds, public welfare funds, and management expenses) shall be deducted by the collective economic organizations in villages from their members' production income and used to maintain production and expand reproduction, run public welfare facilities, and conduct daily management in their respective villages. Because the funds pooled by townships are for collective funds, they shall be gathered by collective economic organizations in townships (towns) from their affiliated institutions and from peasant households, and shall be exclusively used to run two levels of schools in their respective townships (towns) (namely, extra operating expenses for rural education), carry out family planning, give special care to disabled servicemen and to family members of

revolutionary martyrs and servicemen, conduct militia training, build roads in rural areas, and provide other nongovernmental services that offer help to the public. We must exercise centralized control over the funds pooled by townships. Special accounts must be set up especially to deposit funds, which may only be used as designated. No institution or individual is allowed to misappropriate or transfer funds arbitrarily for other purposes.

4. We must conscientiously strengthen the economic work of supervision and control over peasants' burdens. Screening peasants' burdens is a crash job and day-to-day work. All areas must clearly define department functions responsible for supervision and control over peasants' burdens, establish an appropriate and sound contingent of management personnel, and conscientiously strengthen supervision and control in accordance with the State Council's "Regulations on Controlling Required Expenses Borne by Peasants and Labor Services." We must gradually incorporate the work in a legal system; pay close attention to drawing up the "Detailed Rules on Implementing Regulations on Controlling Required Expenses Borne by Peasants and Labor Services in Zhejiang Province"; conscientiously do a good job in regularly auditing required expenses borne by peasants and labor services; examine and approve various documents and items related to peasants' burdens according to law; investigate the illegal activities of wantonly imposing fees, penalties, and apportionment on peasants and collecting money from them; and effectively protect peasants' legitimate rights and interests. We must treat investigations of expenses borne by village and town enterprises as special cases, conduct them accordingly, and conscientiously reduce unreasonable burdens. Finance, planning, commodity prices, discipline inspection, supervision, legal system, and propaganda departments at all levels must actively coordinate with and vigorously support departments responsible for supervision and control of peasants' burdens and make joint efforts to successfully supervise and control peasants' burdens in our province to bring into full play peasants' initiative and promote Zhejiang's development of agriculture and rural economy more rapidly.

The summary reports by all areas on their work of screening peasants' burdens and their results shall be collected by cities (prefectures) and submitted to the provincial party committee and the provincial government, with copies delivered to the provincial office in charge of screening peasants' burdens by 20 August.

### Southwest Region

#### Guizhou Reveals Transportation Network Plan

HK2109132593 Beijing CHINA DAILY in English  
18 Sep 93 p 3

[By staff reporter Yao Jingtang: "Guizhou Plans Road Network"]

[Text] GUIYANG—Landlocked Guizhou Province plans to construct a network of highways and expressways covering 2,370 km by 2005.

The aim of the plan is to eliminate the transportation "bottleneck" and to aid the local economy, said Wang Jutai, deputy director of the Guizhou Provincial Communications Bureau.

To accomplish the plan, the Expressway Exploitation and Development Corporation of Guizhou was established last month.

The so-called "Yi Heng Er Shu" (one horizontal and two verticals) plan means the network will have one route running through the province from east to west and two routes from north to south.

To the south, the network will be linked with seaports in the Guangxi Zhuang Autonomous Region; to the north, it will reach the Yangtze River in Sichuan Province; to the east, it is connected with the highways in Hunan Province and east and central China and to the west it will stretch to Yunnan Province and the border areas of southwest China.

A total investment of 12 billion yuan (\$2.1 billion) will flow into this project in the next 12 years and a shortage of funds is a major obstacle, the official said.

So, investments from home and abroad are expected. Investors can provide funds for building a road or parts of a road or a bridge and get back their investment as well as profit from tolls when they are completed Wang added.

Communications has long been a headache for Guizhou because mountains make up 87 percent of its total territory, hills 10 percent, and valleys 3 percent.

Though Guizhou is rich in natural resources, its economic development is hampered by its poor communications.

Guizhou's proved coal reserves are more than 50.1 billion tons, the largest in South China.

Its rare earth reserves rank second in China.

It also has abundant hydraulic power resources. Take the Wujiang River as an example. A tributary of the Yangtze River, it runs 800 km in the province with a drop of 1,890 m.

Because of the warm weather, its 4.8 million hectares of pastoral hillsides and slopes can be used for cattle raising all year round.

It has two natural reserves and 15 scenic areas.

But with all these favourable conditions, Guizhou is still one of the poorest provinces in China.

To change the situation, Guizhou has set great store in highway construction and remarkable progress has been made.

Since 1985, the province has built 5,989 km of roads connecting 1,400 townships and five highways.

The 184-km-long Guihuang Expressway, completed a few years ago with an investment of 330 million yuan (\$58

million), links Guiyang, the provincial capital, and Huangguoshu, a scenic spot with China's largest waterfall. The expressway makes it possible for tourists from Guiyang to reach the scenic area in about two hours.

### **Sichuan Secretary Views Anticorruption Campaign**

*HK2009081093 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 14 Sep 93*

[Text] Yesterday morning deputy provincial party secretary Song Baorui presided over a joint meeting of provincial law enforcement and supervisory organs. Provincial party Secretary Xie Shijie attended the meeting and delivered an important speech.

After listening to a review of major and important cases investigated and handled by the law enforcement and supervisory organs in the previous stage, Xie Shijie affirmed the achievements made by the discipline, law enforcement, and supervisory organs at all levels. Xie stressed: The key to implementing the CPC Central Committee's plans on fighting corruption lies in action and implementation. He called on the discipline, law enforcement, and supervisory organs to concentrate forces, handle major cases, and wrap up a number of major and important cases in the near future. He urged the organs to focus on the cases in which leading cadres are involved in abusing power for personal gain, exchanging power for money, and perverting justice for a bribe as well as those involved in economic problems.

Xie called on the discipline and law enforcement and supervisory organs at all levels to strictly draw a clear demarcation line in applying policies, take facts as the basis and law as the criterion, and be strict and accurate in work so as to ensure that their work can withstand the test of time.

In his speech, Song Baorui urged the discipline and law enforcement and supervisory organs to strengthen their cooperation and pool efforts to meet the requirement of wrapping up a number of influential major and important cases set by the provincial authorities in the near future. It is necessary to strengthen the building of the discipline and law enforcement and supervisory organs. Instead of hiding internal problems, cases should be handled seriously and earnestly.

Yang Chonghui, standing committee member of the party committee and secretary of the provincial discipline inspection commission; Li Yulong, president of the provincial higher court; and officials responsible for 10 other discipline and law enforcement and supervisory organs were present on the occasion.

### **Sichuan Rehabilitates Wrongly Accused Officials**

*HK2109030693 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1235 GMT 10 Sep 93*

[Text] Chengdu, 10 Sep (ZHONGGUO TONGXUN SHE)—Yang Chonghui, secretary of the Sichuan Provincial CPC Committee's Discipline Inspection Commission, said today that discipline inspection and supervisory

departments in Sichuan Province examined and handled more than 3,000 violations of law and discipline in the first half of this year. Of these cases, 13 involved local department-level officials, more than 2,400 people were given party and administrative disciplinary punishments, and economic losses of 2.71 million yuan were recovered.

At today's Second Plenary Session of the Sichuan Provincial CPC Committee's Discipline Inspection Commission, Yang Chonghui said that since the beginning of this year, discipline inspection and supervisory departments throughout the province have strengthened their supervision and have dealt with malpractices as well as violations of law and discipline in party and government organs. In the first half of this year, they received and handled more than 6,000 cases of all kinds, and civilians reported almost 50,000 corruption cases in party and government organs, providing clues to anticorruption work.

To help civilians report and expose crimes, the provincial discipline inspection commission, the provincial supervisory department, and the provincial people's procuratorate will announce telephone numbers for reporting crimes.

In the meantime, the facts concerning 510 officials who were framed or wronged have been clarified, and their reputations have been rehabilitated.

### **Tibet Solar Energy Project Improves Quality of Life**

*HK2109131993 Beijing CHINA DAILY in English 18 Sep 93 p 3*

[By staff reporter Chang Hong: "Sunshine Project in Tibet"]

[Text] LHASA—The Sunshine Project, an energy-saving scheme featuring the use of solar power, has helped improve the quality of life in this coal scarce highland region.

During the last three years, 16,700 solar stoves, greenhouses, and vast quantities of water heaters and lamps have become operational, according to a senior local environmental official.

"We have so far saved energy equal to 26,000 tons of standard coal, or 13 million yuan (\$2.2 million) worth of economic returns," said Liu Hongping, deputy director of the Agency for Urban and Rural Construction and Environmental Protection.

The 10-year solar plan was initiated by the Tibetan Regional Government and the State Planning Commission. It is designed to tap the abundant solar power in order to ease energy demand in the region.

In this highland region, where communications are difficult and industries underdeveloped, shortage of power poses a major problem to the people's livelihood.

Yet, as a region close to the sun, Nature endows it with some of the richest solar resources in the world.

Throughout this capital city, solar stoves can be found in government departments and private houses.

"It costs 200 to 300 yuan (\$34 to \$51) and boils a kettle of water in less than 15 minutes when the weather is fine," remarked a museum caretaker in Lopu Linka Palace as she removed a kettle of steaming water from a satellite-dish-like stove.

In Xigaze, a city four hours drive southwest of Lhasa, a government guest house employee said she prepared almost every lunch for her three-member family with a solar stove.

Meanwhile, deputy director Liu said Tibet has remained relatively unpolluted despite rises in emissions of industrial gases.

Quality of water in major rivers and lakes is still up to state standards, he said.

However, Liu said the noise level in Lhasa has grown markedly in busy commercial districts and at traffic intersections.

On the ecological situation, Liu said deterioration of grassland continued as 12 million hectares of grazing land, or 15 percent of the total, has become arid.

The tree-covered areas increased by about 2 million hectares, raising the forest coverage rate to 6.78 percent.

Liu said to strengthen the monitoring of the ecological situation, more environment stations are planned in Tibet.

Earlier this month, a monitoring post went into operation in Xigaze. The station was built with a donation totalling 1.2 million yuan (\$200,000) by the Shanghai Municipal Government.

Another similar station is under construction in Changdu region in eastern Tibet with donations from other parts of the country.

### North Region

#### Beijing Secretary on Implementing Regulation

SK1809091693 Beijing BEIJING RIBAO in Chinese  
8 Sep 93 p 1

[Text] On 6 September, the municipal party committee and the municipal government held a forum of industrial departments across the municipality to further devise plans for comprehensively implementing the "regulation," deepening reform, and expanding the measures on opening up. The forum stressed: All relevant departments across the municipality should resolutely, conscientiously, and comprehensively implement the "regulation," because it is the current key to further emancipating the mind and developing productive forces which we must achieve tangible progress prior to the end of the year.

The forum was presided over by Vice Mayor Li Runwu. Li Shun, secretary of the Industrial Work Committee of the municipal party committee; Gao Zuozhi, chairman of the municipal economic commission; and leading comrades of

the chemical industrial, electronics, building materials, and textile units, gave briefings, respectively, on the new ideas and the move they adopted in deepening reform, changing mechanism, readjusting structure, and raising efficiency. Chen Xitong, secretary of the municipal party committee, and Mayor Li Qiyang listened to briefings on implementing the "regulation" and gave important speeches.

Li Qiyang pointed out: In the process of developing the socialist market economy, the industrial departments across the municipality must further expand the degree of reform to seek greater development. First, they should further emancipate the mind, jump from the old track of evoking an idea or thinking of a method from the planned economic system, and based on the needs of developing the socialist market economy, propose new ideas and do things thoroughly. It is necessary to pay attention to and popularize the comprehensive supporting-reform experiment of the first light industrial departments in selected units, give further play to the advantages of state-owned large and medium-sized enterprises, tap the potential of resources, and form a new productive force. Second, in comprehensively implementing the "regulation," enterprises should keep their eyes on the market, improve their internal organs, act in line with the fundamental objective of raising labor productivity, and pay attention to scientific and technological progress and developing new products. Third, they should firmly grasp the time prior to the end of the year and adopt practical and effective measures to guarantee that this year's achievements will be greater than those of last year. Meanwhile, they should study the development ideas and measures for next year, work out detailed plans, and gain the initiative in their work.

After fully affirming the work done by various units in implementing the "regulation," Chen Xitong, secretary of the municipal party committee, pointed out: At the forum of some large and medium-sized enterprises, Comrade Jiang Zemin called on leaders of all localities and departments to place the work of running state-owned large and medium-sized enterprises well on their agenda. We should resolutely implement this demand. Chen Xitong said: Successfully running state-owned large and medium-sized enterprises is a major issue affecting the success or failure of the socialist system and a major issue on deepening reform. In this aspect, there is much painstaking and meticulous work to do. He stressed: Only by comprehensively implementing the "regulation," actively improving the internal conditions of enterprises in line with the stipulations of the "regulation" while improving the external conditions of enterprises, and not only stressing one aspect, can we be able to solve better and develop the productive forces. The more we implement the "regulation," the greater the results we will achieve in emancipating and developing the productive forces. If we comprehensively implement it, we will be able to achieve quicker and better results in emancipating and developing the productive forces. We may say that, since reform, we have relaxed the restrictions of enterprises, delegated more powers to them in line with the central task of invigorating

enterprises and, after the implementation of the "regulation," enable enterprises to basically implement all sorts of decision-making powers. Under such circumstances, the main contradiction is whether enterprises have the courage and know-how to use the powers delegated to them and whether they can keep their eyes inward, improve themselves, understand the historical responsibilities they have to shoulder, clearly recognize their own advantages and potential, enhance their spirit, give full play to their subjective role, take the initiative in actively adapting themselves to market competition, and become "independently-operated enterprises assuming sole responsibility for their own profits and losses, setting restrictions for themselves, and seeking development through self efforts." It is not enough for an enterprise to become an independent unit. It must also assume responsibility for its own profits and losses, seek development through self efforts and set restrictions for itself.

Chen Xitong stressed: At present, to comprehensively implement the "regulation," we must step up our efforts to grasp well the following few priorities. First, while making continued efforts to simplify administration and delegate powers and to change the government functions, we should actively readjust the structure, optimize the distribution of resources, and raise economic efficiency. The readjustment of structure should include the readjustment of production set-up, product mix and enterprise organizational structure. The process of readjustment is the process of using the principle of the socialist market economy to rationally distribute natural resources and all sorts of essential production factors and the process of specifically and practically emancipating the productive forces. It has a direct bearing on the issue of whether enterprises can assume sole responsibility for their own profits and losses and whether they can become the main bodies in market competition. Therefore, we must establish the idea of seeking efficiency and productive forces through readjustment, regard the comprehensive implementation of the "regulation" as one of the important tasks in readjusting the structure, and grasp it conscientiously. On this point, it is not realistic to do things without courage. Only by doing things thoroughly and taking big action can we be able to optimize the organization of the essential production factors. Second, we must accelerate the change of enterprise operational mechanism and further deepen the internal reform of enterprises, especially the reform of the personnel, labor, and distribution systems. We should recognize that the readjustment of structure and material resources will inevitably bring along the readjustment of manpower. It will require the deepening of reform of the enterprise's internal mechanism. Development will be empty talk if we only readjust and optimize the material resources at the expense of the relevant readjustment and optimization of human resources. Without internal motivation and the enthusiasm of the people, it is impossible to push this work forward even with the best external conditions. Third, we should pay close attention to the cultivation and development of market systems and accelerate the building and cultivation of all sorts of markets of the essential production factors and the commodity markets.

Enterprises should have courage and be good at marching toward and developing the market. Presently, we should issue effective methods and measures on how to meet market demands and gain initiative in competitions.

Chen Xitong called for efforts to achieve noticeable results in four aspects prior to the end of this year. First, we should continue to grasp well the state-owned large and medium-sized enterprises; make all-out efforts to grasp 69 major profit and tax delivering households because their profit and tax delivery accounts for 90 percent of the total sum delivered by the budgetary industrial enterprises across the municipality; and strive to make their output value, profits, and taxes comprehensively surpass those of last year. Enterprises should try by all possible means to overcome difficulties; all bureaus and general companies should clearly define and share their responsibilities and help enterprises solve practical problems. We should redouble our efforts to run state-owned large and medium-sized enterprises well and strive to achieve noticeable progress. Second, we must achieve remarkable results in ending deficits and increasing profits, reduce the volume and range of deficits of enterprises, and never slacken efforts in increasing profits while ending deficits. It is necessary to give simultaneous attention to understanding enterprises with low profits which tend to incur deficits. If we succeed in ending deficits and increasing profits, we should honor the policies concerning the wage and bonus, and should never be vague in this point. Third, we should actively popularize the comprehensive supporting reform experience of the first light industrial company. The essence of its experience is to solve the issues of deficits and of increasing the value of state-owned assets by ordering money-losing enterprises to shut down, suspend operation, amalgamate with other enterprises, or switch to the manufacture of other products. The key to judging whether this experience has been studied realistically or insincerely is to see whether the structural readjustment has been carried out thoroughly, big action has been taken, the state-owned assets have been invigorated, and the market's fundamental role in the distribution of resources as well as the role of the "golden rice bowl" have been given play. All enterprise leaders should thoroughly free themselves from the shackles of paying attention to the "brand, face, and position," and of all kinds of departmental selfishness, proceed from the party's and the people's undertakings, give consideration to the overall interests, stop taking slow action or an indifferent attitude, and "hold on to a post without doing any work and not let anyone take over." Fourth, to firmly grasp the use of foreign capital and implement all items on inviting business, the issue involved is to pay attention to enabling the projects to start construction and operation early. Only thus can we say the items have been realistically implemented.

Chen Xitong stressed at the end of this speech: State-owned large and medium-sized enterprises enjoy exceptional advantages and can accomplish greatly in the development of the socialist market economy. Only stressing difficulties and giving complaints will make us fall into lopsided metaphysics. Our communist people must have

ambition and skills to push the state-owned large and medium-sized enterprises forward and realize a great development of the socialist market economy.

Chen Guangwen, Ouyang Wenan, Duan Bingren, and their leading comrades of the municipal party committee, and leaders of the relevant departments, committees, and offices of the municipal party committee and of the municipal government also attended the forum.

#### Hebei To Begin Issuing New Publication in 1994

SK1809094593 Shijiazhuang HEBEI RIBAO in Chinese 2 Sep 93 p 1

[By Zhang Yingchao (1728 6601 3390): "HEBEI NONGMIN BAO Will Formally Come Out on 1 January Next Year"]

[Text] On 1 September, the news briefing for the publication of HEBEI NONGMIN BAO [HEBEI PEASANTS' PAPER] released gratifying news: Shouldering the historical mission of spreading propaganda in rural areas, HEBEI NONGMIN BAO will meet the broad masses of readers in rural areas on 1 January 1994. Attending the news briefing for congratulations were Vice Governor Gu Erxiong, responsible comrades of pertinent provincial-level departments, comrades of press units in Shijiazhuang, and comrades of the provincial supply and marketing cooperative, who had attended the conference on publishing HEBEI NONGMIN BAO, more than 100 people in total.

To run successfully the rural edition of the official newspaper of the provincial party committee, to meet the demands of the rural reform and the market economic development in the new period, the paper NONGJIALE [PEASANT FAMILIES' JOYS] has been renamed HEBEI NONGMIN BAO, with the approval of the provincial press and publications bureau and the State Press and Publications Administration. The paper will change from publishing two issues in quarto and four pages every week to publishing three issues in folio and four pages every week. Upholding the party's basic line and the party's aim of wholeheartedly serving the peasants, HEBEI NONGMIN BAO will continue to maintain the characteristics of NONGJIALE in terms of functions, service, and knowledge. Based on this, the new paper will expand the range of news coverage and the amount of information.

Gu Erxiong pointed out in his speech: The publication of HEBEI NONGMIN BAO is a major good event on the agricultural front of Hebei Province as well as a major happy event of the peasants in Hebei Province. Whether Hebei can be stabilized and develop depends on agriculture. The provincial party committee and the provincial government have attached great importance on agriculture. HEBEI NONGMIN BAO shoulders the mission of directly sending the party's principles and policies, science and technology, and the information for becoming rich to the hands of peasants. In 1965, Chairman Mao personally wrote the masthead for HEBEI NONGMIN BAO. It is of special historical and immediate significance and it is very necessary and timely to resume HEBEI NONGMIN BAO

when we are commemorating the 100th birth anniversary of Comrade Mao Zedong. We should make this paper become a rural work guidance front of the provincial party committee and the provincial government to reflect the voice and demands of peasants in a timely manner, to help peasants become affluent, and to make due contributions to developing Hebei's rural areas and agriculture.

Gu Erxiong demanded: All departments in charge of agriculture and the related departments involving agricultural affairs should take full advantage of this paper to propagate their principles and policies as well as advanced figures and exemplary experiences in order to make this front a hub to disseminate policies, techniques, and information and to promote the building of spiritual and material civilizations in rural areas. He also called on departments concerned to successfully solicit subscribers to this paper and successfully publish it through active propaganda and a profound and painstaking job.

Han Fengju, deputy director of the propaganda department of the provincial party committee, called on HEBEI NONGMIN BAO to make great efforts to fulfill the glorious mission entrusted on it by the provincial party committee and the provincial government in order to make contributions to promoting the in-depth reform in rural areas. He expected that HEBEI NONGMIN BAO would maintain and carry forward the tradition of taking root in rural areas and serving peasants, become a paper having the characteristics of peasants, have the flavor of the countryside in contents and forms, and truly serve as the bridge of the party and the government to contact with the people.

Li Meifeng, chairman of the provincial supply and marketing cooperative, offered specific opinions on soliciting subscribers and publication of HEBEI NONGMIN BAO.

The meeting declared the establishment of the advisory committee of HEBEI NONGMIN BAO. Gu Erxiong was appointed chief adviser.

#### Inner Mongolia Gives Semiannual Financial Report

SK1809032993 Hohhot NEIMENGGU RIBAO in Chinese 4 Sep 93 p 1

[By reporter Gao Yuan (7559 6678) and correspondent Han Tao (7281 3447): "Our Region's Semiannual Financial Revenue Increased 10.7 Percent Over the Same Period of Last Year"]

[Text] On 3 September, Fan Youkai, director of the Regional Financial Department, was entrusted by the regional government to give a report on the implementation of the region's 1993 semiannual financial budget to the third standing committee meeting of the eighth regional people's congress.

The report states: Since the beginning of this year, all localities and departments have actively carried out all sorts of reforms and further expanded reform and opening up, and the whole region has maintained a trend of sustained national economic development. Judging from

the general situation, the implementation of the financial budget was good. During the first half of this year, the whole region's financial revenue totalled 1.85 billion yuan, accounting for 44.9 percent of the annual budget and representing an increase of 180 million yuan, or 10.7 percent, over the same period of last year. The progress of fulfilling the budget and the scope of increase declined respectively by 0.7 percentage point and 3.3 percentage point from the same period of last year. The normal financial revenue increased by 4 percent or so, basically keeping pace with the level of increase of the whole country. The whole region's industrial and commercial tax revenues totalled 1.76 billion yuan, an increase of 220 million yuan, or 14.1 percent, over the same period of last year. Owing to the strained communications and transport situation and the shortage of funds, the economic development rate was quite low and a sustained and stable increase in financial revenues was restricted. During the first half of this year, our region's economic development rate lagged behind the national development rate by 6.3 percentage point, and the depression in the production and marketing of raw coal and the light industry, particularly medium-and small enterprises, greatly affected the financial revenues of some leagues, cities, banners and counties; all sorts of nonproductive expenditures and the situation of the rapid increase in the consumption expenditure of institutions and the slow progress in the expenditure on production and construction, in particular, must be checked; the problem of financial difficulties was fairly prominent in some banners and counties.

The report states: Recently, the regional government approved the convocation of the regional financial and taxation work conference during which a series of measures were studied in the light of the prominent problems in our region's current financial and economic performance and comprehensive arrangements for the financial and taxation work of the second half of the year were made. First, we must guarantee that all sorts of macroeconomic regulation and control measures of the central authorities and of the autonomous region will be realistically implemented. Second, we must regard consolidating financial and tax order and strictly observing financial and economic discipline as the priorities of financial work for some time to come. Third, we must firmly grasp the collection and management of revenues and guarantee the fulfillment or overfulfillment of the annual revenue budget task. Fourth, we must strictly control nonproductive expenditures and the too rapid growth of institutional purchase, strive to narrow the difference between revenue and expenditure, and reduce financial deficits. Fifth, we must strengthen accounting work and do a good job in changing the old financial accounting system into a new one. Seventh, we must improve the property right relations, strengthen the management of property right, prevent the loss of state-owned assets, and do a good job in conducting a general inspection of tax revenue, financial affairs and commodity prices in line with the plans of the State Council. Eighth, we must persist in taking a two-handed approach and be tough with both and further

strengthen the building of ideologies, work style, and organizational construction of the ranks of financial and tax cadres.

### Inner Mongolia Urges Donations to Disaster Areas

SK2109122793 Hohhot NEIMENGGU RIBAO in Chinese 5 Sep 93 p 1

[Text] The general offices of the autonomous regional party committee and government recently issued a joint "Emergency Circular on Launching Donation Activities to Areas Heavily Stricken by Disasters."

Most areas in our region have suffered long dry spells this year. The drought has affected 30.4 million mu of farmland, leaving nearly 1 million mu unable to yield anything. Since mid-July when the flooding season came, Jirem, Hinggan, and Hulun Buir Leagues and Chifeng city have been hit by the floods rarely seen in their history due to continuous torrential rains. By 15 August, 5.88 million mu of farmland in these leagues and city in eastern Inner Mongolia had been damaged, of which 2 million mu had become unable to yield anything; and 2.52 million people had been afflicted, of whom more than 500,000 people had been seriously afflicted. By that date, more than 70,000 people had been besieged by floods, of whom more than 60,000 had been resettled, people who relied on air-drop foods had totaled more than 20,000, more than 40 had died due to the disaster, and more than 100,000 houses had collapsed, incurring a direct economic loss of 1.26 billion yuan. With the kind concern of the party Central Committee and the State Council, the autonomous regional party committee and government and the party organizations at all levels in the disaster-stricken areas have adopted a series of effective emergency rescue and relief measures after the disaster, thus avoiding still greater casualties and property losses. They also have adopted every possible means to arrange the life for the people of the disaster-stricken areas and mobilized and organized the masses to provide for and help themselves through production.

To help the people of heavily stricken areas overcome difficulties, rebuild their homes, and tide over the crisis, the autonomous regional party committee and government urged the organs directly under the region, the large enterprises and institutions of the central and the autonomous regional authorities stationed in various leagues and cities, the organs directly under various leagues and cities, and major towns to display the communist spirit, characterized by "helping from all quarters when trouble occurs at one spot," and donate to help the people of the areas heavily stricken by disasters. The donation will include cash, checks, cotton clothes (including leather clothes, woolen sweaters, down coats, and sweat shirts), cotton-padded bedclothes, and unlined garments. Clothes and beddings, for adults and children, should be clean and not too old. Clothes and bedding from people with infectious diseases should not be donated.

### Shanxi Uncovers False Military-Run Enterprises

HK1609030093 Beijing GUANGMING RIBAO in Chinese 27 Aug 93 p 4

[Report by correspondents Meng Yinfeng (1322 6892 7364) and Yan Xianglin (0917 4382 2651): "Four False Army-Run Enterprises Discovered in Shanxi Province"]

[Text] Four exceptionally big criminal gangs who swindled other units and people out of money amounting to 10 million yuan through disguising themselves as servicemen and representatives of army-run enterprises were caught a few days ago by the Shanxi Provincial Military Command and Public Security Department. A total of 30 criminals including false Senior Colonels Guo Rongxi and Wang Minglong, false Colonels Li Tianyou and Li Guisuo, and false Lieutenant Colonel Zhang Liping were arrested.

These four criminal gangs operated independently though they committed crimes of the same nature. False Senior Colonel Guo Rongxi, 49, is a native of Hongdong County, Shanxi. In June 1992, he set up a "Beijing Military Region Logistics Department Military Supplies Production Department Datong Enterprise Management" and a "Beijing Military Region Logistics Department Military Supplies Production Department Hongdong Management" to engage in illegal business. In the meantime, he wantonly set up affiliated organs. In a short period of nine months, he set up 39 false army-run enterprises in seven provinces and cities and 22 counties (cities) [as published] involving 400 people. In Shanxi alone, he set up 18 bodies involving 200 people. Some affiliated bodies set up subordinate organs on their own, operating one to three business outlets each. The gang under Guo Rongxi granted false military ranks to 130 members, of whom 10 were appointed colonels. Guo Rongxi's frauds were: Defrauding other units of millions of yuan by signing contracts for running joint venture enterprises or for joint operations and defrauding affiliated organs of their money by granting false military ranks or promising to help other people enter military service. Guo Rongxi demanded that his affiliated organs give him 50,000 yuan each annually and that branches set up by affiliated organs 30,000 yuan. In this way, he got as much as 800,000 yuan in less than one year.

False Colonel Li Tianyou is a native of Lijian Village, Ningwu County, Shanxi Province. In the name of the "Chinese Liberation Army 51163 Unit," the "Beijing Military Region Command Shanxi Branch," and the "Beijing Military Region Logistic Department Shanxi Branch," he engaged in swindling activities in a big way. From March last year to April this year, he cheated 15 units and individuals in 11 provinces and cities including Hunan, Hubei, Shandong, and Jiangsu of money and articles worth 4.8357 million yuan through signing counterfeit contracts under which he promised to provide coal and iron to his clients.

Since June this year, the Shanxi military command and the provincial public security department have sent officers and men and armed police to round up the chief culprits. In the process, 164 official seals including seven steel seals

illicitly engraved by the four criminal gangs, 2,000 sets of military uniforms, and 400 volumes of false certificates of military officers and identity cards were seized. Of the money and articles worth 10 million yuan gained by the criminal gangs by cheating, 4 million yuan have been recovered. The economic losses retrieved amounted to 21 million yuan. [as published]

### Northwest Region

#### Gansu Governor Warns of Population Control Failure

HK2109144393 Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 18 Sep 93

[Text] At the provincial family planning work teleconference on 18 September, provincial Governor Yan Haiwang pointed out: It is necessary to further unify the thinking of people at different levels in the whole province, to adopt more vigorous measures, to overcome difficulties, and to make genuine and practical efforts to fulfill this year's population plan.

When briefing the participants on the basic situation of family planning work throughout the province, Yan Haiwang said: If we still cannot make up our minds and adopt vigorous measures, this year's population control quotas for the whole province, especially the eastern part and the minority nationality areas, may be exceeded, and failing to fulfill the population control plan will be a real danger. Therefore, the population control situation in our province this year is very grim.

Yan Haiwang emphatically pointed out: According to the requirements of the provincial CPC committee and the provincial government, the following five jobs should be performed in a down-to-earth manner.

First, leadership should be stepped up to conduct family planning work according to the "four no changes," specifically, no change to existing policies, no change to the chief party and government leaders' personal attention to the matter, no change to the target-related responsibility system, and no change to original plans.

Second, it is necessary to seize the opportunity to bring this year's second shock campaign to its peak by solving difficult and key problems.

Third, it is necessary to do a good job at the grass roots levels and do solid foundational work.

Fourth, the family planning policy should be strictly implemented and efforts should be made to improve the quality of family planning work.

Fifth, conscientious efforts should be made to do a good job of the on-the-spot assessment of family planning work this year.

Yang Zhenjie and Shi Zongren also participated in the teleconference.

**Remarks, Activities of Qinghai's Yin Kesheng****Urges Combating Corruption**

*HK2009140393 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 14 Sep 93*

[Excerpt] The provincial party committee and government held an anticorruption mobilization meeting yesterday morning at the Provincial People's Hall, of leaders at and above county office level in Xining. Leaders of the provincial party, government, Army, Chinese People's Political Consultative Conference, and relevant departments, including Yin Kesheng [provincial party secretary], Cai Zhulin, Tang Zhengxu, Tian Fa, Yao Shangpeng, Fanjie Cailang, La Bingli, Han Yinxuan, Li Xihong, Shen Yanqin, Ma Yougong, and Zhang Jimin attended the meeting.

Comrade Wang Hanmin presided over the meeting. On behalf of the provincial party committee and government, Comrade Yin Kesheng delivered a mobilization speech at the meeting. He called on party members and cadres throughout the whole province to have a correct analysis of Qinghai's current situation, acquire a correct understanding of the anticorruption struggle, and arouse the masses to implement the plans of the CPC Central Committee and provincial party committee and government on the anticorruption struggle.

Comrade Yin Kesheng said: We should not assume that there is no corruption in Qinghai because it is a remote province with a backward economy. Corruption exists and is rather serious in some regions and among certain party cadres. The broad ranks of party members and cadres must understand the importance and urgency of the anticorruption struggle. In light of the spirit of the CPC Central Committee and Qinghai's reality, the provincial party committee and government recently made a 10-point stipulation for deputy provincial level cadres to honestly perform duties and serve the people so that they can take practical action to lead the broad ranks of party members and cadres to wage an in-depth struggle against corruption.

Yin Kesheng pointed out: While waging the anticorruption struggle in Qinghai, we must combine the struggle with running a clean administration, with accelerating the pace of economic construction, and with doing nationality and religion work properly. [passage omitted]

**Addresses Meeting on Discipline**

*HK2209032293 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 16 Sep 93*

[Text] The provincial meeting of discipline inspection commission secretaries and supervision bureau chiefs which ended on 15 September made arrangements for the organization, leadership, work planning, methodological requirements, and targets to achieve in the near future regarding the anticorruption campaign throughout the province. Representatives from six units—including the discipline inspection commissions of Haidong, Yushu, and

Xining—made speeches at the meeting, presenting preliminary suggestions for the implementation of the anticorruption campaign.

Provincial CPC committee Secretary Comrade Yin Kesheng attended the meeting and made a speech, in which he said: The anticorruption campaign is bound to run into obstacles, but as long as we adhere to our party spirit and principle, make genuine and practical efforts, and always take the interests of the masses into consideration, we will be able to handle the affairs in Qinghai well.

He also said: The anticorruption campaign has been consistently advocated by the party and is an important matter that enjoys popular support. We must carry it through to the end. Once we set the goal, we should make up our minds to achieve it. If we are irresolute, it is bound to destabilize development and the people's confidence. Yin Kesheng pointed out: The anticorruption campaign must be carried out according to the central authorities' plans and the provincial CPC committee's arrangements. We must always be conscious that party members and cadres are public servants and must subject themselves to the supervision of the party and the people.

Doba, secretary of the provincial discipline inspection commission, spoke at the close of the meeting. He urged all participating comrades to firm up their conviction, and to prevent and overcome such unhealthy sentiments as fear of difficulty, negative and wait-and-see attitudes, pessimism, and disappointment. Tasks, targets, orientation, and procedures must be clarified; principles and requirements should be specific; and the measures for action should be effective. Doba pointed out emphatically: Discipline inspection and supervision cadres should implement the party's principles and policies in a comprehensive way, refrain from violating discipline or law while enforcing discipline or law, turn negative factors into positive ones, differentiate between matters of principle and side issues, refrain from launching mass movements wherein everybody is put through a checkup, and solve whatever problem is found. It is necessary to truly trust and rely on the masses and encourage them to report problems. Down-to-earth and effective efforts should be made to promote the anticorruption campaign in the province in greater depth.

**Correction to Item on Smuggling in Xinjiang**

*HK1909083093*

The following correction pertains to the item headlined "Xinjiang Curbs Illegal Immigrant Smuggling," published in the Northwest Region of the 17 September China DAILY REPORT, pages 48-49:

Page 48, second column, first paragraph of item, only sentence, make read: ...activities, such as illegal emigrant smuggling [tou du 0262 3256] and others, creating... (changing "immigrant" to "emigrant" in this instance and throughout item, as well as in headline)

### Commentary Opposes 'Two Chinas' in UN

HK2109135093 Beijing LIAOWANG in Chinese No 36,  
6 Sep 93 p 41

["International Commentary" by Tang Tianri (0781 1131 2480): "Oppose the Creation of 'Two Chinas' in the United Nations"]

[Text] With the 48th General Assembly of the United Nations approaching, the Taiwan authorities are conducting all sorts of activities in order to "reenter the United Nations." Dragged in by the Taiwan authorities, a small number of Latin American countries recently wrote a joint letter to the UN Secretary General, calling on him to add the issue of Taiwan's parallel right of representation in the United Nations to the agenda of the 48th General Assembly. Apart from the "Explanatory Memorandum" attached to the letter, they also proposed a "draft resolution" calling on the UN General Assembly to set up a "Special Committee" to study the issue of Taiwan's reentry into the United Nations. As a matter of fact, this creates "two Chinas" in the United Nations. The Chinese Government and people are resolutely opposed to this.

It is reported that the above proposal is the result of the Taiwan authorities' "money diplomacy." When Taiwan's "Foreign Minister" Chien Fu attended the Second Meeting of the Mixed Committee for Cooperation Between Taiwan and Central America held in Costa Rica in the second half of July, Taiwan offered free loans in an amount of \$47.5 million and compensatory loans in an amount of \$23.3 million in exchange for some Central American countries' support regarding Taiwan's reentry into the United Nations. The actions of a few countries participating in the above proposal have seriously infringed upon China's sovereignty and have seriously violated the aim and principle of the United Nations Charter and Resolution No. 2758 adopted at the 26th UN General Assembly in 1971.

The whole world is aware that there is only one China in the world—the People's Republic of China. Taiwan is an inalienable part of Chinese territory; it is one of China's provinces. This was universally acknowledged by the United Nations and the international community a long time ago. The Taiwan authorities have been practicing "money diplomacy" and "pragmatic diplomacy," and have been doing their utmost to realize their scheme of entering the United Nations. This is not permitted by the criteria of International Law and the great cause of the reunification of the motherland. It simply will not work, because it is divorced from the objective realities across the strait.

According to the provisions of the United Nations Charter, all UN member countries—founding members and new members alike—are independent sovereign states under International Law. The United Nations is an international organization formed by sovereign states. As a province of China, Taiwan has neither the right nor the qualifications to join the United Nations.

Some forces in the world take East and West Germany and North and South Korea as an example to make such a clamor—since East and West Germany and North and South Korea, countries which were split after World War II, were able to join the United Nations separately, why can't Taiwan do the same?

It should be pointed out that the division between the two shores of the Taiwan Strait is obviously different from that of East and West Germany and North and South Korea, which were split after World War II. This can be seen through the following two aspects:

Judging from the background of the split, the division of East and West Germany resulted from the defeat of the German fascists in the war of aggression, which Germany itself had started. The victorious nations, including the United States, Britain, and the Soviet Union decided to take this course of action at Yalta and through other international agreements. North and South Korea were first occupied by the victorious nations after World War II and, later, after a partial international war, it was decided to temporarily divide them through an agreement which was signed by all belligerent parties.

The division between the two shores of the Taiwan strait is essentially different from that of the above countries, and it is primarily the outcome of the civil war in China. To be specific, after the victory of the War of Resistance Against Japanese Aggression, the ruling clique, represented by the Kuomintang (KMT) and backed by the United States and other foreign forces, launched an anti-Communist and anti-people civil war to contend for the fruits of winning the War of Resistance Against Japanese Aggression. After being defeated by the people's revolutionary forces, led by the CPC, it then retreated to Taiwan. The most obvious characteristic of this division is that it inevitably involved the replacement of political power and the transfer of state power.

Judging from the degree of division in state sovereignty, because East and West Germany were split into two states, their sovereignty was also divided in two, which is a typical example of completely separate countries. As for the sovereignty of North and South Korea, although they both claimed to possess state sovereignty for a considerable period of time, the problem was, in fact, put aside as each side stuck to his own position. Last year, both sides decided to adopt a pattern of "dual recognition" through high-level talks, under which both sides would join the United Nations and other international organizations, and tacitly agreed that each side could develop relations with countries having diplomatic ties with the other side.

The situation across the strait has been completely different. In line with international law stipulations on the principle of government inheritance, the CPC has had the legitimate authority to represent China in foreign affairs since the KMT Government was overthrown and the PRC was founded in 1949. Although, owing to the intervention of international imperialists, the PRC's legitimate seat in the United Nations and its permanent Security Council position were occupied by the Taiwan authorities for a

period of time, it did not mean that the PRC was not in a position to exercise its sovereignty in that period. According to the principle of government inheritance, the 26th UN General Assembly in 1971 adopted Resolution No. 2758 to expel Taiwan from the United Nations and to restore the PRC's legitimate seat and all lawful rights in the United Nations. The resolution definitively declared: "It is recognized that the representative of the PRC Government is the sole legal representative of China in the United Nations, and that the PRC is one of the permanent members of the Security Council." This resolution has resolved the problem of China's representation in the United Nations politically, legally, and procedurally.

The Taiwan authorities are currently speeding up the practice of "money diplomacy" to serve the purpose of the so-called reentry into the United Nations. The essence of this is to create "Two Chinas," to split the motherland, and to obstruct and disrupt the great cause of peaceful reunification of the motherland. This attempt has been and will continue to be resolutely opposed by the entire Chinese people, including the Taiwan people. Those who violate the fundamental interests of the Chinese nation and place obstacles to the realization of the reunification of the motherland, which the people across the strait are pushing for with concerted efforts, will only be crushed to pieces by the irreversible wheel of history. The schemes of all countries and individuals to create "two Chinas" in the United Nations will only result in failure as well.

#### **Editorial Opposes Taiwan's Attempt for UN Membership**

*HK2209060093 Hong Kong TA KUNG PAO in Chinese 22 Sep 93 p 2*

[Editorial: "The Taiwan Authorities Must Rein In At the Brink of the Precipice"]

[Text] After careful planning by the Taiwan authorities, seven Central American nations last month submitted a bill on "Taiwan's return to the United Nations." The Taiwan authorities' attempt for what they call "one country, two seats" and "dual recognition" is actually creating "two Chinas." The Chinese Government has expressed resolute opposition to this, but the Taiwan authorities have acted willfully. As the UN General Assembly session approaches, they have stepped up their efforts to solicit support everywhere, making a lot of noise. What they are doing runs counter to the fundamental interests of the Chinese people and does not correspond with the UN Charter. Therefore they are doomed to failure.

As everyone is aware, there is only one China in the world and Taiwan is a part of China. This has long been acknowledged by both sides of the strait and the international community. According to international law, a sovereign country can have only one central government to represent it. The sole representative of China is the People's Republic of China. It was precisely on this principle that the UN General Assembly passed a resolution in 1971 restoring all rights of the People's Republic of China in the

United Nations, while at the same time expelling the representatives of the Taiwan authorities from the United Nations and all its subordinate organizations, thus completely resolving China's representative issue in terms of politics, law, and procedures. As Taiwan has been reasonably expelled from the United Nations, there is no "returning" to it at all.

As Taiwan is a part of China, handling the Taiwan issue is China's internal affair and is not an affair of the United Nations or any other international organization; still less should other countries meddle in it. The UN Charter explicitly provides that neither the United Nations nor its members are allowed to infringe on any member-country's territorial integrity or political independence, or to interfere in affairs essentially under the internal jurisdiction of other countries. The United Nations also clarifies that any attempt to partly or wholly undermine a country's unity, territorial integrity, or political independence does not conform with the spirit of the UN Charter. Obviously, the bill proposed by the seven Central American nations violates these UN Charter provisions, and the Taiwan authorities' attempt to undermine the country's reunification contradicts the spirit of the UN Charter.

The main argument of the Taiwan authorities in proposing "returning to the United Nations" is that the People's Republic of China "cannot represent Taiwan." This argument does not stand. As a matter of fact, since the restoration of the rights of the People's Republic of China in the United Nations, its representatives have always protected the entire Chinese people's interests and have spoken for the entire Chinese people, including the Taiwan people, of course. Taiwan's "international position" and "international activity space," for which Taiwan has always yearned, can come true only under the motherland's reunification; these cannot be practiced in any other aspects.

Resolving the Taiwan issue and materializing the country's reunification are solemn and sacred missions of the entire Chinese people. Since the founding of the People's Republic of China, the Chinese Government has made unremitting efforts toward this end and has raised many proposals. Following the introduction of reform and opening up and under new historical conditions, the Chinese Government—out of consideration for the interests and future of the entire nation and according to the principle of respecting history, respecting reality, seeking truth from facts, and taking various sides' interests into account—proposed a policy of "peaceful reunification" and "one country, two systems," laying a fine foundation for the reunification of Taiwan and the mainland. Under the policy of "one country, two systems," Taiwan will become a special administrative region maintaining its capitalist system, enjoying a high degree of autonomy, and possessing its own troops. It may sign commercial and cultural agreements with foreign countries and have certain power on foreign affairs. Do all these not constitute its "activity space"?

It should be pointed out that some people in the world have mixed and equated the Taiwan issue with the

German and Korean questions. If this is not a misunderstanding, it is being done with ulterior motives. The separations of Germany and Korea were recognized by international agreements after World War II, but Taiwan has belonged to China since ancient times. Since the end of World War II, the international community has acknowledged that it belongs to China, although it was once occupied by a foreign country. The Taiwan issue is completely different in nature from the German and Korean questions. Therefore the Chinese Government has always objected to handling the Taiwan issue in the manner of handling the German and Korean questions. This, of course, includes their relations with the United Nations.

The Taiwan authorities are trying to practice "one country, two seats" and "dual recognition" in the United Nations. As a matter of fact, this is a policy of "two Chinas," which will cast a shadow over the development of the two sides' relations and the country's peaceful reunification. Naturally, this runs counter to the fundamental interests of the entire Chinese people, including the Taiwan people. It is a very dangerous approach and the Taiwan authorities must rein in at the brink of the precipice.

#### Station Editor Assesses White Paper on Taiwan

OW2109135093 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 6 Sep 93

["Commentary" by station editor (Yi Xin): "The White Paper Is Meant To Safeguard National Unification and Territorial Integrity"—from the "News and Current Events" program]

[Text] Listeners and friends: The Chinese Government published the white paper "The Taiwan Question and the Reunification of China" on 31 August. The white paper contains a systematic and detailed explanation to the whole world of the Chinese Government's basic stand, principle, and policy on the Taiwan issue. In this regard, our editor (Yi Xin) has written a news commentary entitled "The White Paper Is Meant To Safeguard National Unification and Territorial Integrity."

The commentary says: The Taiwan Affairs Office and Information Office under the State Council jointly published the white paper, "The Taiwan Question and the Reunification of China" on 31 August. The white paper explains systematically and in detail the Chinese Government's principled stand, basic principle, and policy on the Taiwan issue. A government usually uses a white paper to make known to the world its stand and policies on a particular major issue. The white paper on the Taiwan issue is the Chinese Government's solemn declaration of its policy and stand on national reunification under the current situation.

Recently, some new trends on the Taiwan issue have appeared in the international community—that is, Taiwan has made use of several small Latin American countries to put forward a motion to the United Nations concerning its application for membership. Two years ago, Taiwan's Democratic Progressive Party [DPP] put forward the issue

of Taiwan's application for UN membership and initiated the so-called join-the-UN movement with the objective of creating fait accompli independence. At that time, the Taiwan authorities still strongly opposed the DPP's proposal. Because of this, Vice Foreign Minister Zhang Xiaoyan even had an open debate with DPP legislators. The Taiwan authorities, however, have suddenly changed their policy, and now they are working actively at home and abroad to engineer its bid for UN membership. At this very moment, it is essential for the Chinese Government to state clearly its attitude on the Taiwan issue and to resolutely oppose any statements and actions aimed at splitting China's sovereignty rights and territorial integrity. The white paper has been published at a time when Taiwan independence activities have become increasingly rampant, when Taiwan authorities are creating two Chinas in international organizations, and when certain countries are blocking the reunification of China by every means. Therefore, its publication has an important practical significance.

The publication of the white paper is helpful for the Taiwan compatriots and the international community to fully and correctly understand the essence of the Taiwan issue and the mainland government's stand, as well as favorable for promoting the process of the peaceful reunification of the motherland. Its publication has received prominence and has been met with a positive response from all sectors.

Xiong Jie (James Hsiung), a professor from New York State University's Department of Political Science, maintained the white paper has clearly stated that China's reunification and Taiwan's membership in the United Nations are as incompatible as fire and water. Taiwan would be suspected of promoting two Chinas—which absolutely goes against China's reunification principle, and the mainland will certainly react strongly—if it joins the United Nations under the name of the Republic of China or other names.

AOMEN RIBAO [MACAO DAILY] published an editorial on 3 September which said: The Chinese Government's publication of the white paper at this time is to point out to the international community that Taiwan's quest to rejoin the United Nations lacks the support of having a legal basis. Meanwhile, it also sternly warns the Taiwan authorities that this avenue is a dead end and that they should give up quickly.

The editorial of Taiwan's LIAN HE BAO [LIEN HO PAO] pointed out: Taiwan eventually may see the bad consequences, and not results, of its great publicity campaign to join the United Nations, and it may even end up provoking tension between the two sides of the strait.

Many Taiwanese legislators have expressed their deep concern over the publication of the white paper by the mainland. They all pointed out: This shows the mainland's strong opposition to Taiwan's independence and return to the United Nations. It has a far-reaching influence on Taiwan's future.

The white paper has shown the whole world China's overall policy and unswerving stand on the Taiwan issue and the reunification of China. This is a powerful document with the purpose of safeguarding national unification and territorial integrity.

The overseas media all maintain that the Taiwan authorities should carefully study and consider the white paper and then make a sensible, concrete response. If Taiwan's government and opposition truly believe that there is nothing new in the white paper, this will be a fatal assessment as far as Taiwan's future is concerned.

#### **Wu Xueqian, Wang Zhaoguo Attend Celebration Meeting**

*OW2209080993 Beijing Central People's Radio  
Network in Mandarin 1030 GMT 21 Sep 93*

[From the "National Hookup" program]

[Text] A meeting was held in Beijing this morning to celebrate the fifth anniversary of the China Council for the Promotion of Peaceful Reunification. The celebration was sponsored by various democratic parties and mass organizations.

Wu Xueqian and Wang Zhaoguo, vice chairmen of the National Committee of the Chinese People's Political Consultative Conference [CPPCC], attended the meeting on invitation.

Wang Guangying, vice chairman of the Standing Committee of the National People's Congress and president of the China Council for the Promotion of Peaceful Reunification, presided over the celebration meeting.

In his speech at the meeting, Qian Weichang, vice chairman of the CPPCC National Committee and executive president of the China Council for the Promotion of Peaceful Reunification, briefed those present on the work of the council over the past five years. He said: Facts show that the China Council for the Promotion of Peaceful Reunification can do a lot of work in promoting the great cause of reunifying of the motherland.

Qian Weichang pointed out: To settle the Taiwan question and achieve national reunification—this is a sacrosanct mission of the entire Chinese people. It is also the purpose for which the China Council for the Promotion of Peaceful Reunification was founded to achieve. However, there is still serious obstruction in the course of peaceful reunification of China, which we must not overlook in the slightest degree. We hope that the Taiwan authorities will put national interests above everything else, conform to the historical trend of the times, and hold talks between the two sides of the strait as soon as possible.

## Hong Kong

### Patten Makes High-Level Government Appointments

HK2109134493 Hong Kong AFP in English 1146 GMT 21 Sep 93

[By Robert MacPherson]

[Text] Hong Kong, Sept 21 (AFP)—Governor Chris Patten appointed Hong Kong's first local and female chief secretary Tuesday [21 September] and broadly hinted at when he thinks glacial Sino-British talks on pre-1997 political reform should bear fruit. Anson Chan, 53, the daughter of Shanghaiese refugees from Chinese Communist rule, succeeds Sir David Ford as the British colonial government's second-in-command from November 29. Ford, 58, will go to London to head Hong Kong's de facto consulate there and to overhaul its other offices in Europe.

The chief secretary's job—traditionally held by male Britons—will make Chan, a civil servant for 31 years, acting governor whenever Patten is away from Hong Kong, which reverts to Chinese sovereignty in July 1997. "She is a real fighter for the livelihood and interests of Hong Kong," Patten said, with Chan at his side, after a meeting of his policy-setting Executive Council.

More significantly, however, Patten also declared that he would transfer Secretary for Constitutional Affairs Michael Sze to the senior post of civil service secretary as of February 1. Sze, 48, is a key member of Britain's negotiating team in slow-going talks with China on extending democracy in Hong Kong ahead of 1997, round 12 of which is to start Sunday in Beijing.

Political analysts said that by setting a firm date for reassigning such a key official, Patten is subtly suggest to China when he thinks the haggling, which began in April, should finally bear fruit. The talks center on the governor's proposals for significantly enlarging the voting franchise for district board elections in 1994 and for a new Legislative Council in 1995 that would serve through 1997.

China says Patten's intentions violate past Sino-British agreements on Hong Kong's future, and suspects they would help liberal politicians who are openly critical of Communist Party rule in Beijing. Patten is expected to review the state of the talks in his annual policy address to the Legislative Council on October 6.

Chan, smiling ear to ear at a press conference where she was flanked by female aides, played down the problem of friction with China and gushed confidence in Hong Kong after 1997. "I believe Hong Kong has a bright and promising future," she said, adding that she thought the fact she is Chinese might help relations with Beijing.

As a Hong Kong resident with no foreign passport, Chan would be eligible to remain a top civil servant past 1997, according to the Basic Law, China's mini-constitution for the territory. Chan came to Hong Kong with her parents in 1948, a year before Chairman Mao Zedong's armies marched into their native Shanghai. Her husband,

Archibald Chan, is director of a major Hong Kong oil company. She served as secretary for economic services from March 1987 until last April, when Patten named her secretary for the civil service, responsible for bringing more local faces into the higher ranks of the colonial bureaucracy.

### Reshuffle 'Not Discussed' With Beijing

HK2209035093 Hong Kong HSIN PAO in Chinese 22 Sep 93 p 5

[Report: "As the Hong Kong Government Did Not Tell or Discuss With the Chinese Side About Changes in Senior Officials, China Cannot Ensure They Can Make a Transition in 1997"]

[Text] Chinese Government officials pointed out yesterday that the Hong Kong government had not discussed with the Chinese side in any way before making the new round of reshuffles of senior officials, and that Beijing has no obligation to ensure that the new secretary-level officials can transit beyond 1997. They said that according to the regulations of the Basic Law, the secretary-level officials in the Hong Kong Special Administrative Region [SAR] should be appointed by the central government, so if the British side wants to see senior officials smoothly transiting beyond 1997, it should hold discussions with the Chinese side on the issue of appointing senior Hong Kong government officials.

Yesterday, an official from the State Council's Hong Kong and Macao Affairs Office said to our reporter that the Chinese side had been kept completely in the dark about arrangements for the new round of reshuffles of senior officials, that the British side did not inform the Chinese side in any way, and that the reshuffle of senior officials was merely a matter handled unilaterally by the Hong Kong government.

The official pointed out that according to Article 48 (5) of the Basic Law, after being nominated by the chief executive of the SAR government, secretary-level officials in the SAR must be reported to the central government for appointment, so secretary-level officials in Hong Kong prior to 1997 cannot automatically transit beyond 1997.

He said that the Chinese side has always hoped to discuss the major issues during the transition period with the British side, and that the Chinese side hopes to maintain the stability of the civil service system. He also said that many matters cannot be done according to the wishful thinking on the Chinese side. For example, in the current round of reshuffles of senior officials, the officials liked by Governor Patten got the promotions.

An official from XINHUA's Hong Kong branch said to this newspaper that the reshuffle of senior officials announced by the Hong Kong government was merely a matter of the Hong Kong government, and is not related to the SAR government after 1997. Concerning the changes, it is irrelevant to say whether the Chinese side would accept or refuse, and the problem of convergence does not exist because the Chinese and British sides did not discuss the reshuffle in any way.

He said that if the British side wants to see a smooth convergence regarding these senior officials, it should certainly discuss the appointment of senior officials with the Chinese side.

The official also said that as 1997 draws closer, the convergence problem regarding senior Hong Kong government officials will become more prominent because the Hong Kong people ask for convergence, and the civil servants also have this demand. As for when the Chinese and British sides should begin discussions on the convergence problem regarding senior officials, he said that it depends on the concrete situation.

The official thought that the appointment of Anson Chan as chief secretary by the Hong Kong government does not necessarily indicate a big step forward in the civil service localization policy, for it involves only one person.

He thought that the arrangements for expatriate civil servants to change terms involves a lot of people, and this is the thing that matters, for it has a great impact on the localization policy.

#### Beijing Official Comments

HK2209045793 Hong Kong SOUTH CHINA  
MORNING POST in English 22 Sep 93 p 6

[Report by Chris Yeung and So Lai-Fun]

[Text] The government reshuffle might reflect a worrying trend in the politicisation of the civil service, a Beijing official said last night. The official, who did not want to be named, expressed fears that "political inclinations and personal likes and dislikes" had become important factors in the change over of senior government officials. He was referring to the elevation of Anson Chan Fang On-sang to Chief Secretary designate and Michael Sze Cho-cheung to replace Mrs Chan as Secretary for the Civil Service. The pair have been seen as tough negotiators during the airport and political talks respectively. Though not referred to by name they have been criticised by mainland officials and pro-China media.

Officially, China gave no comment on the top-level reshuffle. XINHUA (the New China News Agency) carried a brief report on Mrs Chan's appointment and the departure of Sir David Ford. Officials in XINHUA's Hong Kong office were not available for comment. Privately, officials in Beijing said they were not against Mrs Chan and Mr Sze personally. "It doesn't matter who is in the post. It's a matter of what policies they are implementing," the official said. "It seems that (Governor Chris) Patten tends to promote senior officials after taking into account their political inclinations and his own personal likes and dislikes. This will politicise the civil service." The official said it would be a "great misfortune" for Hong Kong if more experienced senior civil servants quit and the civil service became politicised.

It is understood the problem of whether senior officials can remain in their posts after 1997 has yet to be put on the agenda of talks between China and Britain. This has been seen as vital for a smooth transition of the pre- and

post-1997 governments. Another Beijing official said: "If they want them to work beyond 1997, they should discuss it with us. But we know nothing about the reshuffle." The official, however, said it was an exaggeration to say China saw Mrs Chan and Mr Sze as enemies.

In Hong Kong, legislators said the appointment of Mrs Chan would not pose a great threat to the Sino-Hong Kong relationship. Chairman of the Liberal Party Allen Lee Peng-fei said it was the right time to appoint a Chinese as Chief Secretary and Mrs Chan was well qualified and suitable to take up the job. "She has always been frank, outgoing and straightforward," he said. Mr Lee hoped Mrs Chan would strengthen communications with Legislative Council members. He was not worried that Mrs Chan would have a strained relationship with China, and believed she was well aware of the importance of a good relationship with the mainland. United Democrat leader Martin Lee Chu-ming said he had no doubts about Mrs Chan's experience and capability. She was the right person for such a post.

#### Editorial Views Reshuffle

HK2209112493 Hong Kong HSIANG KANG SHANG  
PAO in Chinese 22 Sep 93 p 2

[Editorial: "Senior Hong Kong Government Officials Are Reshuffled: Governor Patten Prepares To Meet the Challenge"]

[Text] Yesterday the Hong Kong government announced the appointment of incumbent secretary for the civil service, Anson Chan Fang On-sang, to replace David Ford as chief secretary and at the same time announced personnel changes in other government posts at the secretariat level. Of the changes, the most eye-catching are the transfer of Michael Sze Cho-cheung, the secretary for constitutional affairs, and the resignation of Secretary for Transport Yeung Kai-yin. Although the Hong Kong people are happy to see a Chinese assuming the office of chief secretary for the first time since the establishment of Hong Kong as a city, when one examines the numerous reshuffles of senior government officials that Chris Patten has made since assuming office as governor, it is obvious that Patten is organizationally preparing to unilaterally carry out his constitutional reform package.

Since his arrival in Hong Kong, Patten has made two rounds of major government reshuffles. The first reshuffle took place in October last year, when he put forth his constitutional reform package, decided to separate the Executive and Legislative Councils, and conducted a major reshuffle in the Executive Council. A number of ex-officio members of the then Executive Council resigned, and Patten appointed several new members to the two councils. In March this year, the Hong Kong government once again announced transfers of senior members, including the promotion in April of Secretary for Economic Services Anson Chan Fang On-sang to secretary for the civil service, Secretary for the Treasury Yeung Kai-yin's transfer in June to the position of secretary for transport, and the replacement of John Chan,

secretary for education and manpower, who resigned ahead of schedule in June, by Secretary for Transport Leung Man-kin.

In the current reshuffle of Hong Kong government officials, Anson Chan Fang On-sang, for whom the governor of Hong Kong has shown special appreciation and who he has given high praise, leaped to the position of the first Chinese chief secretary. Secretary for Transport Yeung Kai-yin, who had held his post for only three months or so, asked to retire ahead of schedule. In each round of personnel changes, some people would be steadily promoted, feeling as comfortable as fish swimming in the sea, and others would ask themselves to withdraw from their posts as their enthusiasm waned. Although the people concerned keep their real thoughts secret, it is not difficult for outsiders to figure out what was going on.

Patten, who is determined to carry out his "three violations" constitutional reform package in Hong Kong and stir up a row between China and Britain, has thrown the entire executive and legislative systems into a difficult situation. Thus, senior officials are forced to face two options: Either they stake their careers on Patten, become his pawns and mouthpieces, and antagonize the Chinese side, or they are destined to not be in his good graces and to be in an awkward predicament, and their official careers thus will be unpredictable. Anson Chan Fang On-sang, who has the honor of holding a post of great responsibility, has just helped smother resentment among civil servants over the localization issue. It is true that her capacity as a Chinese person can be utilized by Patten to "make a show," but the real reason Patten chose her is her practical performance in recent years. In handling the Container Terminal No. 9 issue, Anson Chan Fang On-sang persisted in not consulting with the Chinese side; on the issue of overseas officials switching to local terms, she did all she could to sell the Hong Kong government's policy in disregard of the opposition of the vast numbers of civil servants and the community; and, echoing Ford, she misled the Hong Kong people and spread the sentiments of mistrust in the Chinese side and the Basic Law by capitalizing on the Han Dongfang case. All these achievements of her official career constitute a valuable asset, with which she gained Patten's trust. "He who lives on an official's salary will be at the mercy of others." Perhaps people should not blame this "strong and capable woman" who has the honor of being the first Chinese chief secretary, because the author of this tragedy is Patten.

In the past, John Chan, the secretary for education and manpower, resigned his official post before his tenure of office had expired. Secretary for Transport Yeung Kai-yin has now applied for early retirement as well. This is really a confirmation of the media's earlier comment that it is not easy to be a senior official in the Hong Kong government and that the number of those requesting retirement will grow ever-larger. Yeung Kai-yin's early retirement is believed to have something to do with the franchise of the Western Harbor Tunnel. Patten's sabotage of the Executive-led structure, which has always been practiced in

Hong Kong, is the main reason that some officials at the secretariat level do not know what course to take.

In announcing his choice for the next chief secretary, Patten stressed that the choice has particular relevance for "the challenging transition period ahead." In the coming few years, he wants to continue to challenge the Chinese side. Naturally, he wants to set up a "challenging" inner group of officials for himself. With the exception of a handful of people who desire to stir up trouble, what the public needs is people who are really able to proceed from the interests of the Hong Kong people and achieve a smooth transition in 1997. The people all the more hope that the first Chinese chief secretary's behavior in this area will be different than that of the British chief secretaries sent here by London in the past.

#### Officials Say Talks' Success Depends on UK

HK2109145193 Hong Kong TA KUNG PAO in Chinese  
21 Sep 93 p 12

[Report: "Zhou Nan Hopes That the Sino-British Talks Will Make Progress, and Zhu Yucheng Stresses That the British Side's Attitude Will Determine Whether a Break-through Can Be Made"]

[Text] Zhou Nan, director of the XINHUA News Agency's Hong Kong Branch, said yesterday that he hoped that the Sino-British talks on constitutional reform in Hong Kong would make progress in every round.

Zhou Nan attended a cocktail party to celebrate the circulation of "100 Questions and Answers on the Basic Law" yesterday, and when a reporter asked him what he would expect from the next round of Sino-British talks on constitutional reform in Hong Kong, Zhou Nan said, "Of course, I hope that progress will be made in every round of the talks." He did not comment, however, on the current atmosphere of the talks.

Another source had it that Zhu Yucheng, deputy director of the XINHUA News Agency's Hong Kong Branch, said yesterday that he hoped that progress would be made in the talks on constitutional reform when the Chinese and British foreign ministers meet next month. He added that it would be very difficult to predict whether a break-through could be made, as that would be determined by the British side's attitude. The Chinese side has always hoped that an agreement can be reached on the three conformities basis.

Zhu Yucheng discussed the new round of Sino-British talks yesterday, when he was asked about the issue while attending the ceremonies for Huadu's establishment as a city. He reiterated that the Chinese side's attitude is very explicit and that it has always hoped that an agreement would be reached between China and the UK which would be conducive to the stable transition, economic development, prosperity, and stability of Hong Kong. It was the British side, however, that proposed the three violations package, and thus it is their responsibility; as of today, the talks have not made any progress.

He stressed that the Chinese side hopes that the British side would genuinely return to the three conformities basis and resolve the contradictions and problems through negotiations to achieve genuine Sino-British cooperation today. This will not be determined by the Chinese side, however, but by the British side.

On whether the meeting of the foreign ministers of the two countries would help the talks make progress, Zhu Yucheng said that, when the two foreign ministers meet, they would have to communicate; the Chinese side hoped that some progress would be made in their meeting and that an agreement would be reached on the three-conformity basis. As to whether a breakthrough would be made, he said that it was very difficult to predict, and it would depend on how things develop.

Zhu Yucheng also said that the new round of talks would not be the last round and that the talks would continue.

### **Macao**

#### **Mainland, Portugese Concerns Form Satellite TV Firm**

*HK2209051893 Hong Kong THE STANDARD in English 22 Sep 93 p 20*

[Report by Harald Bruning in Macao]

[Text] Local business interests and those from Portugal and mainland China have set up a satellite telecommunications company in Macao. Telesat Comunicacoes Por Satelite will be presented to the public at an inaugural ceremony in the Portuguese enclave today.

Telesat will be under the general management of Companhia Portuguesa Radion Marconi, Portugal's main telecommunications concern, set up in 1925, and will have startup capital of 100,000 patacas. Marconi's chairman

Goncalo Sequelira Braga arrived in Macao yesterday and will preside at the ceremony.

Marconi holds 30 per cent of the capital stock. The remaining shareholders are Telecommunications Equipment of Shenzhen, owned by China's Telecommunications Ministry, which takes 25 per cent; China Great Wall Industries, owned by the Chinese Aeronautics and Astronautics Ministry, which takes 15 per cent; China Yuanwang (Group) of China's National Defence Ministry, which takes 15 per cent; and Ng Fok Telecommunicacoes of Macao, taking 15 per cent. Ng Fok is a prominent Macao entrepreneur with close business ties in Portugal and China.

Marconi-Asia said the joint venture would "contribute to the strengthening of relations between Portugal and China via Macao". Telesat will offer satellite television services including the transmission of European TV channels in Asia. The company will also sell telephone links, and data and fax transmissions. Marconi-Asia officials said other satellite businesses under consideration were paging and trunking services.

Marconi, which is a share holder of Macao's Telecommunications Franchise, offers paging services in the Philippines, Thailand and Malaysia, through its Australian joint venture associate company Matrix Asia. Marconi has also established a satellite communications network in Portugal. Sources close to the company told The Standard that Telesat would use Chinese telecommunications satellites to be launched next year to transmit its services.

"The joint venture has three Chinese shareholders representing state companies that own 55 per cent of Telesat in Macao, so it will be easy for them to gain access to Chinese satellites under preferential conditions," the sources said. They added that Macao was an "ideal platform" for joint ventures with Chinese state companies "because of Portugal's excellent political relations with China over Macao."

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